

## INTERNATIONAL

**Herald Tribune**

Published with The New York Times and The Washington Post

No. 30,617

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LONDON, MONDAY, JULY 27, 1981

Established 1887



Royal photographer Lord Snowdon took this photo of Lady Diana embracing her future husband.



Prince Charles, right, ushers Lady Diana Spencer into a car in Tidworth, England, after she left his polo game in tears after she became upset when confronted with a barrage of cameramen.

## Diana Watches Prince Play Polo While Sightseers Clog London

By R.W. Apple  
*New York Times Service*

LONDON — Prince Charles helped England defeat Spain in polo Sunday afternoon while thousands of sightseers clogged the streets of central London along which the wedding procession of the prince and Lady Diana Spencer will move on Wednesday.

With Queen Elizabeth II, Mrs. Nancy Reagan and Lady Diana looking on, the prince played a spirited game on defense and scored a late goal as England's second team defeated the Spanish at Windsor, 10-5, for the Silver Jubilee Cup. The match, played in warm sunshine, was one of the major social events leading up to the royal wedding.

Beforehand, in an interview with Britain's commercial television network, Prince Charles said that Lady Diana had burst into tears

and left another polo match Saturday because of the press of cameramen. He said she was fine Sunday.

"It's no fun watching polo when you're surrounded by people with very long lenses, poking them at you from every direction," he added. "It adds up to a certain amount of strain and it told, eventually. That is hardly surprising."

Much was made in British newspapers of the fact that the U.S. first lady has decided neither to curtsey nor bow to Queen Elizabeth II when she goes to Buckingham Palace, but simply to shake hands.

In April, when the Prince of Wales traveled to the United States, he was greeted at the airport in Washington with a curtsy from the U.S. chief of protocol, Mrs. Leonore Amentberg. Hundreds of protest

banners were held up, and the prince was forced to shake hands with Mrs. Reagan.

A Buckingham Palace spokesman said that normally there is a

## Frail Pact In Mideast Shaken by Warnings

By William Claiborne  
*Washington Post Service*

JERUSALEM — The commander of the Israeli-supported Christian militia in southern Lebanon warned Sunday that if his border enclave is again shelled by Palestinian guerrillas, his forces will "retaliate hard," a step which would be certain to doom the fragile cease-fire between Israel and the Palestine Liberation Organization.

Maj. Saad Haddad said he would disregard Israeli objections and order his artillery to open fire if the Palestinians fail to respect the cease-fire.

"Now, I took the decision, if they will shoot again I am going to retaliate hard, even if there is an objection to that," Maj. Haddad said. "It's our lives. We care if we are always going to give our neck for them," he added.

The Israel-Lebanon border was quiet Sunday, but three times on Friday night and Saturday morning artillery shells and rockets fell in the narrow Christian enclave that stretches 60 miles (90 kilometers) from the Mediterranean to the foothills of Mt. Hermon. The principal target was Marjayoun, site of Maj. Haddad's headquarters and a stronghold of Israeli armor and artillery supporting the militias.

## Cease-Fire Spurned

The Libyan-backed Popular Front for the Liberation of Palestine-General Command, a PLO splinter group headed by Ahmed Jibril, claimed responsibility for the shellings and said it would not honor the cease-fire arranged between Israel and the PLO through United Nations, Saudi Arabian, Lebanese and U.S. intermediaries.

The Lebanese government of Elias Sarkis, meanwhile, called for an Arab summit on the crisis in southern Lebanon. The Associated Press reported from Beirut. Arab League Secretary-General Chedli Klibi said a "comitable discussion would be held Sept. 3 with all Lebanese factions," AP said.

"I am for the peace [but] I would like also that there be a real cease-fire, and I will accept a real cease-fire. But I don't like this fire from one side only," Maj. Haddad said.

(Continued on Page 2, Col. 1)

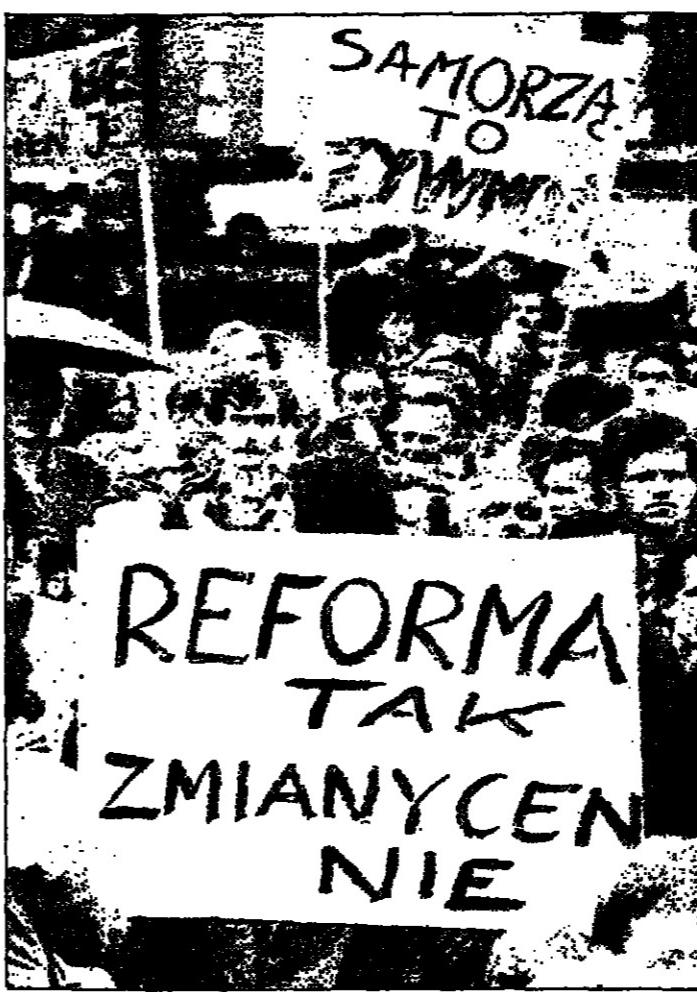
## INSIDE

## Iranian Elections

Iran's state radio signals the election of Premier Mohammad Ali Rajai as the country's new president, saying that he had won 12.2 million of the 14 million votes cast last Friday. Page 4.

## Rugby Ruckus

The New Zealand government postponed until Tuesday a decision on whether to call off the South African rugby tour, which has led to violent anti-apartheid demonstrations. Government ministers discussed scenes at Hamilton rugby ground, where a match against the Springboks was abandoned after demonstrators occupied the field. Page 2.



With posters reading "Reforms Yes, Price Increases No" and "Autonomy Means Food, We Want Bread," demonstrators marched through rain in the central Poland city of Kutno.

## Casey Said to Receive \$10,000 Gift in '76

International Herald Tribune

WASHINGTON — Friends and supporters of CIA director William J. Casey have rallied to his support again calls for his resignation and new disclosures about his financial activities. And President Reagan has offered a stronger defense of the intelligence director, an old friend and his campaign manager.

Against a background of declarations from leading Republican senators that the CIA chief should resign, The New York Times re-

ported Saturday that, in Senate confirmation proceedings this year, Mr. Casey had failed to disclose stock holdings in one corporation and the receipt as a gift of a \$10,000 interest in another business venture.

The Times said it based its report on a review of public records and information provided by a close business associate.

(Continued on Page 2, Col. 7)

## Casey's Statement

Mr. Casey had said in a personal financial disclosure statement presented to the Senate Intelligence Committee last January that he had not received any gifts worth more than \$500 in the last five years. But, according to The Times, Carl G. Paffendorf, a longtime business associate of Mr. Casey's, said in interviews last week that in November or December, 1976, he gave Mr. Casey a \$10,000 interest in Penverter Partners, a limited partnership engaged in the development of computer technology.

Mr. Paffendorf said Mr. Casey

gave him a nominal sum of \$100, but he repeatedly described Mr. Casey's interest, which he said is now worth \$20,000, as a "gift."

Responding to questions through a CIA spokesman, Mr. Casey said he believed that he had paid "some nominal consideration" for the Penverter interest.

The Times reported. He said he considered the transaction a purchase, not a gift, but acknowledged that he did not know the value of the interest when he acquired it.

The commission called for a

cut of 20 percent would be for

August only, he said.

Bus and truck drivers planned

protest parades with their vehicles

in Lodz, Poland's second largest

city, Monday, Tuesday and

Wednesday, and women will

march there on Thursday. Solidarity officials said

More than 3,000 people took

part in the first organized hunger

strike in the central city of Kutno

Saturday, cheering when they ap-

proved a resolution blaming the

shortages on government incom-

tence and bad organization.

The commission also con-

demned government draft laws on

censorship and trade unions. Soli-

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import credits if the government

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# Reagan Team Weighs Next Step

## After Habib's Shuttle Success

By Don Oberdorfer  
*Washington Post Service*

**WASHINGTON** — The U.S. diplomat who stilled the shooting between Israel and the Palestine Liberation Organization, Philip C. Habib, left Paris for Washington on Sunday as the Reagan administration pondered its next steps in the Middle East.

Mr. Habib will meet President Reagan and Secretary of State Alexander M. Haig Jr. on Monday to discuss his future involvement in the Mideast mediation, according to official sources. Monday's talks are described as first steps in a broader policy-making process likely to last several months regarding that dangerous and strategic region.

The 61-year-old Mr. Habib, who retired from the Foreign Service in 1978 after a series of heart attacks, is reported to be ready to return to private life after the intensive shuttling and maneuvering of the last

three months. Whether Mr. Reagan and Mr. Haig are prepared for him to do that is not clear.

Mr. Reagan called the gruff and tenacious Mr. Habib out of retirement in early May to undertake the "long shot" task, as it seemed then, of averting an outbreak of

**NEWS ANALYSIS**

war between Israel and Syria over the placement of Syrian anti-aircraft missiles in northern Lebanon.

By early July, Mr. Habib appeared to be close to success in his initial mission, which encompassed complicated negotiations involving Israel, Syria, Lebanon, Saudi Arabia and several Lebanese Christian and Moslem groups. On July 10, however, Israel launched bombing raids against the PLO, starting a new and separate crisis, including heavy Palestinian shelling of Israeli towns and an Israeli

bombing raid against central Beirut that killed 300 civilians by government count.

According to State Department officials, the militant and often unpredictable PLO, though only marginally involved, took a cooperative attitude toward the earlier phase of the Habib mission, exercising restraint in the face of occasional Israeli strikes while Mr. Habib sought to solve the missile crisis.

Unless a cease-fire in the new fighting could be obtained, Mr. Habib reportedly concluded, his usefulness in preventing a wider war on any of the Mideast fronts would be at an end.

The cease-fire, officially termed a "cessation of hostilities" in Jerusalem and Washington, provides a pause that permits all the major players to consider the next act. Through Mr. Habib, Washington played a central role in these multiple and largely unexpected Lebanon-related crises of past weeks, and it is to Washington that the Middle East parties will look for new direction.

### Stronger Role

It is clear that the cease-fire in itself will not solve anything and is not likely to last in the absence of substantial new initiatives. This fact, and the unhappy history of the last three months, argues for a stronger political role within the Middle East than was in prospect early this year.

One of Mr. Begin's aides, speaking only half facetiously, commented Sunday that "Marjayoun is in Israel."

[Speaking on a U.S. television program Sunday, Mr. Arafat said that the cease-fire agreement also does not include PLO guerrillas operating on the West Bank of the Jordan River and in the Gaza Strip. The Associated Press reported from New York.]

[In those areas, "we are under Israeli occupation... we are resisting this occupation, this organized terrorism," Mr. Arafat said. According to the United Nations charter and the United Nations resolutions... we have the right to resist" in the occupied sectors, AP quoted him as saying.]

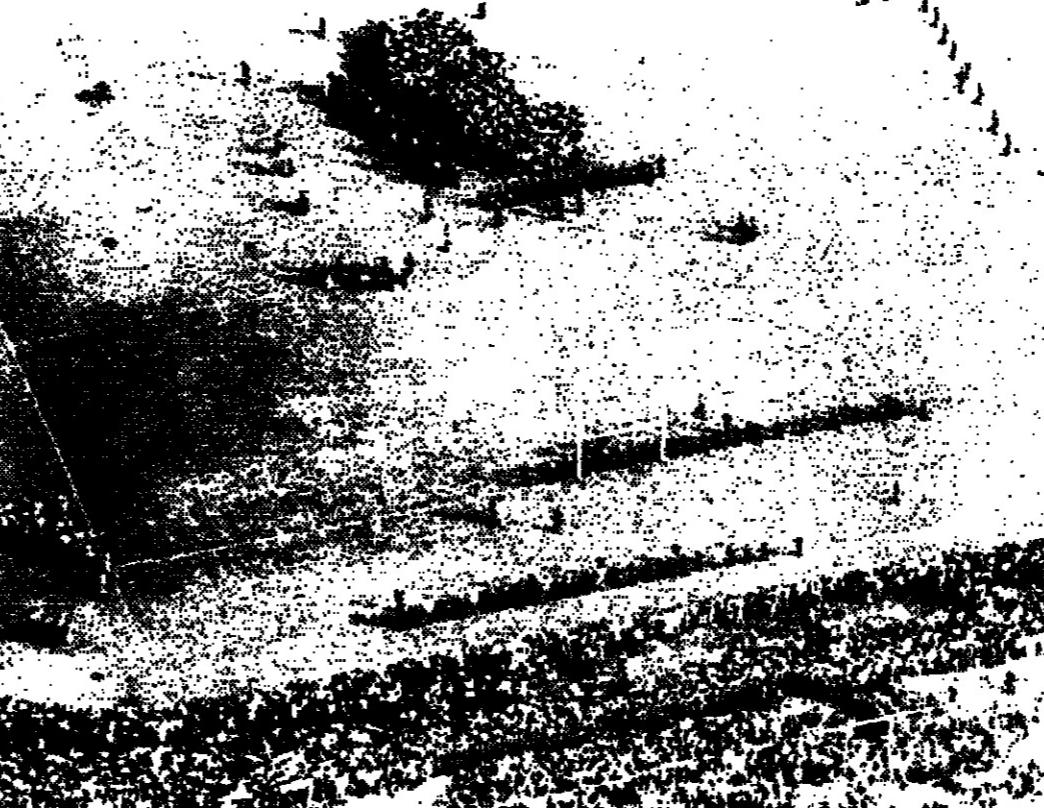
Another point of contention is overflights of Lebanon by Israeli reconnaissance aircraft, which, according to Mr. Arafat, would constitute a violation. Israel maintains the security of its northern border cannot be guaranteed without overflights.

The Palestinian guerrilla headquarters in Sidon said that Israeli aircraft conducted high-altitude reconnaissance flights Sunday over that coastal city. Reuters in Beirut said Palestinian anti-aircraft units opened fire. The Israeli Army command had no comment, and an army spokesman said, "Anyway, there is no connection between the agreement and reconnaissance flights."

### Delayed Request

Israeli Prime Minister Menachem Begin is due in Washington Sept. 9-10, just about the time that Congress returns from its late summer recess and official Washington returns to full-scale activity again.

Mr. Begin, whose relations with the administration have been shaken in the recent Lebanese crises, will be looking for clues to the future.



An aerial view of Rugby Park, Hamilton, New Zealand, where hundreds of demonstrators protesting the tour of the South African rugby team, the Springboks, forced the cancellation of a second game. Here, police and demonstrators occupying the playing field engage in a face-off.

## Retaliation Threats Shake Frail Mideast Cease-Fire

(Continued from Page 1)

said on Israeli radio. "So, I did not answer [with fire] because I wanted to show the world that they are the aggressors and because the United Nations used to accuse us of always being the aggressors," he added.

Maj. Haddad's threat came amid a continuing dispute over whether the rightist Christian enclave was included in the cease-fire agreement.

### Cross-Border

PLO Chairman Yasser Arafat said Saturday that the cease-fire applied only to "cross-border" fighting, and that he deserved the right to continue military operations in Maj. Haddad's enclave, although he was reported to have reprimanded PLO field commanders after Friday night's violations.

However, senior officials in Israeli Prime Minister Menachem Begin's office said Sunday that the agreement explicitly includes a clause applying the cease-fire to the Christian enclave. This view was supported by Timur Goksel, spokesman of the UN Interim Force in Lebanon headquarters in Naqura, who said there was no distinction made between Israel itself and the enclave.

The Saudi ambassador in Beirut, Ali Shaer, whose country played a key role in mediating the cease-fire, was reported as saying it covered the enclave as well as cross-border hostilities.

The UN peacekeeping force in Lebanon traditionally has regarded Maj. Haddad's 500 former Lebanese Army regulars and 1,500

### ADVERTISEMENT

## IN MEMORY OF H.I.M. MOHAMMAD REZA PAHLAVI, SHAHANSHAH OF IRAN, BUILDER OF A MODERN NATION, AND ALL IRANIANS FALLEN VICTIM TO A MONSTROUS REGIME OF DARKNESS AND TYRANNY.

A year ago on this day, my brother, the Shahanshah of Iran, closed his eyes to this world. Despite the sufferings of exile and ravages of disease, his only thoughts were for the distress and the calamities which had befallen his people and his once prosperous and progressive nation.

On this day which marks the first anniversary of his demise, for the respect of his memory, I will keep silent my own grief and dwell on the terrible sufferings which have become the daily lot of my beleaguered country.

We must all cry for the increasing number of innocent Iranians falling each day victims to the atrocities committed by the turbanned torturers of my country. We must all mourn a once forward looking and hospitable land which fanatical zealots stemming from the darkness of medieval times are pushing towards the abyss of nothingness.

Today in the midst of our tears we are asking ourselves when will this chapter of murder and mayhem come to a close? When will the general silence under whose welcome cover the unleashed fanatics commit their abominable crimes in complete impunity come to an end? Are we to believe that human rights are to be applied only for the "benefit" of a few nations? Are we to allow the religious bigots in Tehran and Qom to further their dreams of total annihilation of a several thousand year old civilization? Must we accept the dismemberment and ruin of our land brought forth by medieval logic and rhetoric which endlessly repeats and uses key words in varying combinations only to better twist them for the benefits of a few greedy bigots and tartuffes who wish to establish total theocratic dictatorship?

Not satisfied with trampling upon all freedom and most basic rights qualified as "Western mirages" these inquisitors of the darkest of times are re-establishing the Law of Talion in a new version called "The Bill of Retribution and Vengeance." How can the world close its eyes to these heinous crimes? Once upon a time it was fashionable to criticise the past regime for a single arrest. But today the same champions of Human Rights keep an astonishing silence on the execution of thousands of innocent people; brutal repression in Iran does not raise a single protest. Islamic Guards kill at will all opponents and to set an example shoot anyone daring to protest their deeds, may they be nine or ninety-nine years old!

Good souls throughout the world pretend to ignore the thousands who are rotting in Khomeini's cells and the daily executions which make room for new waves of arrests. Today the blood-thirsty monsters ruling Iran have come to slaughter systematically even their own supporters of earlier days. But those "one time backers" of the mullahs knowing better what Islamic justice means for having practiced it themselves run into hiding and vanish from the scene whenever they can.

Truly, in the name of religion, it is a whole nation which is brought to the gallows and firing squads. Yet everyone knows that Islam is a religion not of hate and revenge but of compassion and clemency. Therefore why is the world striving to hide the truth on the atrocities of the zealots who pretend to be saints while they have in fact come to terms with the devil? Why is there no international outcry toward these horrors and heinous crimes? Must we believe that behind the scenes invisible foreign hands are pulling the strings of the "puppet mullahs" ruling Iran? Are the civilized nations of this world going to continue sacrificing International Principles and Human Rights to selfish short term interests?

Before the world's eyes a thorough and genuine "holocaust" is taking place in Iran and yet the International Community chooses to ignore it! As in the times of Hitler, must we wait for the completion of the catastrophe in order to react?

The long list of those murdered in Iran is increasing each passing day. The guns of so-called "Islamic Retribution" have now turned against all Iranians and ultimately the world at large. It is high time for the International Community's conscience to awake in order to help Iranians in bringing an end to the nightmare.

ACHRAF PAHLAVI  
12 Avenue Montaigne,  
Paris 75008, France.



## WORLD NEWS BRIEFS

### France Urges Decision on Missiles Before Talks

Reuters

**PARIS** — French External Relations Minister Claude Cheysson has said that negotiations for the withdrawal of Soviet SS-20 missiles aimed at Western Europe could begin only after a decision to counter them with the deployment of new U.S. missiles.

"Perhaps in the autumn, before U.S. missiles are installed, but after a decision to install them is totally credible because it has been confirmed by all parties directly concerned, then we will be in a good position for negotiations," he said in an interview with the French news agency, Agence France-Presse, on Saturday.

Mr. Cheysson said that the Soviet SS-20 missiles had a "diabolical precision" unequalled by anything in service in the Western arsenal. He said that only the threat of stationing U.S. Pershing-2 and Cruise missiles in Western Europe could get the Russians to negotiate. The U.S. missiles would not be stationed in France, which does not belong to the military wing of NATO.

**Plastic Heart Recipient Gets Human Transplant**

From Agency Dispatches

**HOUSTON** — A Dutch bus driver received a human heart transplant Sunday to replace a plastic one implanted three days earlier, and a team of 25 doctors worked feverishly to overcome a blood coagulation problem.

The transplant patient, Willibalds A. Meuffels, 36, was in "very critical and somewhat unstable" condition, a spokesman at the Texas Heart Institute of St. Luke's Hospital. He added that the prognosis was "very guarded".

Mr. Meuffels received the heart of a 29-year-old unidentified man whose brain had sustained irreversible damage. The man was declared neurologically dead although he was kept alive artificially until reaching the hospital. Dr. Denton Cooley, who implanted the artificial heart Thursday, said Mr. Meuffels may have suffered irreversible brain damage because when his heart failed Thursday following triple bypass surgery, the normal blood flow to his brain was interrupted for about 45 minutes.

### Belize to Receive Independence on Sept. 21

Reuters

**LONDON** — Belize, Britain's last mainland colony in the Americas, will gain full independence on Sept. 21, the Foreign Office announced Sunday.

A statement said the date was decided in talks between Belize Prime Minister George Price and Nicholas Ridley of the British Foreign Office.

British forces now stationed in Belize would remain "for an appropriate period" to protect the country's external security.

### French Rightist Charged in Marseilles Murder

From Associated Press

**PARIS** — Pierre Delbez, a founder and secretary-general of the Civil Action Service (SAC), a powerful rightist grassroots organization, was charged Sunday with complicity in murder.

Marseilles Police Inspector Jacques Massie, a former local SAC chief, was murdered July 18. His wife and son, his wife's parents and a family friend have disappeared and are also believed to have been murdered. A Marseilles schoolteacher and member of SAC has confessed to murdering Massie and his son.

The case became a political issue when the links to SAC, a controversial organization for many years, were made public. Prime Minister Pierre Mauroy pledged Saturday the government would ensure that the full truth was revealed "whatever the position of men" finally involved.

### Turkey Frees Moslem Politician and 2 Aides

Reuters

**ANKARA** — Turkish authorities have freed Necmettin Erbakan, the country's foremost Moslem fundamentalist politician who is on trial for contravening the strict secular laws of the state.

Mr. Erbakan, 55, and two other senior officials of his National Salvation Party were released from custody on Saturday. No trial was set.

Mr. Erbakan was detained with other top politicians immediately after last September's military coup. He and 33 other party officials have been on trial since April on charges of trying to establish an Islamic-based state. All have now been released.

### Israel Ousts American for Anti-Semitic Taunt

Reuters

**TEL AVIV** — A senior manager of an American firm building a large new Israeli air base was dismissed last week and ordered to leave the country over an alleged anti-Semitic remark, Defense Ministry officials said on Sunday.

They said that Don Bast, a general manager for administration with Air Base Constructors, left Israel on Thursday. ABC is building one of the air fields in the Negev Desert to replace those being given up to Egypt in the Sinai under the peace accord between the two nations.

The officials said that during a quarrel with an American-Jewish engineer working for ABC, Mr. Bast was alleged to have said: "Hider should have finished what he started," as well as other anti-Semitic and derogatory remarks against Israel.

### Casey Reportedly Failed To Disclose \$10,000 Gift

Reuters

(Continued from Page 1) had been involved in Mr. Casey's past business enterprises.

On Sunday, Mr. Casey asked the Senate Intelligence Committee to allow him to appear at a committee hearing as soon as possible to try to dispel the controversy over his tenure.

The 68-year-old intelligence chief stepped up his campaign to hang onto his job in the face of questions about his past business dealings, his management of the agency and calls for his resignation by three key Senate Republicans.

CIA spokesman Dale Peterson said that a voluminous stack of written materials was delivered to the Senate committee Sunday afternoon.

These responses were in answer to four pages of questions the committee sent to Mr. Casey last week regarding his role as a director of a failed New Orleans farming venture called Multiponic Inc. and his appointment of Max C. Hugel, a businessman inexperienced in intelligence, to head the CIA's clandestine operations, Mr. Peterson said.

On Thursday night, Sen. Barry Goldwater, Republican of Arizona, chairman of the committee, said he felt Mr. Casey should resign because of his appointment of Mr. Hugel, who was forced to resign recently because of disclosures of questionable financial activities and allegations of financial wrongdoing.

On Friday, two more Republicans, assistant majority leader Theodore F. Stevens of Alaska and William V. Roth Jr. of Delaware, a member of the intelligence panel, said Mr. Casey should resign. Other senators were said to be leaning in the same direction.

White House officials said that Republicans on the committee seemed to have such strong personal objections to Mr. Casey that he might have to resign, The Times reported.

But White House spokesman David R. Gergen said Saturday that the president believes that Bill [Mr. Casey] definitely ought to remain on the job.

Mr. Reagan, said Mr. Gergen, "believes that Mr. Casey is doing a fine job at the CIA. In light of that background the president is standing fully behind Mr. Casey." Mr. Gergen added that the president has received calls from "three to five" senators urging him to "withhold judgment until all the facts are in and have been carefully weighed."

Mr. Casey's supporters launched

an

attack on the president's proposed budget, proposing an increase in tax on heating oil but no other income or sales tax. The main purpose of the package was a proposal worth \$15 billion marks giving business more scope to write off investments against tax.

Details of his 50-point plan will be released Monday before budget talks between the Social Democrats and the Free Democratic Party, the two largest parties in the coalition government.

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## Fugitive Ex-CIA Agent Said to Seek Deal

By Jim Hoagland  
Washington Post Service

**WASHINGTON** — A former CIA operative wanted in the United States for allegedly smuggling weapons to Libya and conspiring to kill a political rival of Col. Muammar Qadhafi met secretly with a U.S. prosecutor in Rome earlier this month and offered to arrange the kidnapping of other fugitives abroad in return for his own freedom, The Washington Post has learned.

The extraordinary pica-bargaining proposal was made by Edwin P. Wilson, who is under a federal indictment for activities that allegedly included supplying Col. Qadhafi's government with explosives and recruiting former Green Berets to run terrorist schools in Libya. Assistant U.S. Attorney E. Barcella rejected the idea after a lengthy discussion with Mr. Wilson, informed sources said.

The meeting was held about July 10. It was made possible by a U.S. request for Italy to suspend the Interpol warrant against Mr. Wilson, who registered at the Hilton Hotel in Rome on July 8. Washington Post special correspondent Sam Gilbert reported from Rome. The warrant was reactivated after Mr.

Wilson returned to his exile home in Libya the following week, according to Italian police sources.

According to one version of the meeting that Mr. Wilson has circulated, U.S. officials initiated the discussion of his kidnapping one or more Latin Americans wanted by the U.S. government in another crime. Mr. Barcella refused to confirm or deny that he had met with Mr. Wilson, but heatedly denied that he would ever offer to make a deal based on kidnapping.

### Cuban Exiles

Positive identification of the potential kidnapping targets could not be made, but the circumstances of the conversations with Mr. Barcella strongly suggested that the fugitives mentioned by Mr. Wilson were two Cuban exiles wanted for the 1976 car-bombing assassination in Washington of former Cuban ambassador Orlando Letelier. The whereabouts of the two Cubans, José Dionisio Suárez Esquivel and Virgilio Pablo Paz Romero, are unknown.

Mr. Barcella is the principal prosecutor in both the Letelier and Seymour Glazier cases. Mr. Wilson's lawyer, Seymour Glazier, also represented one of the main figures in the

Letelier case, Michael V. Townley, who pleaded guilty and testified against the Cubans in return for a reduced prison sentence.

Moreover, Mr. Wilson and Chile's secret police apparently recruited would-be terrorists for separate schemes from the same reservoir of Cuban exiles who became associated with the CIA during the Bay of Pigs operation. One of the charges against Mr. Wilson is that he and another former CIA operative, Frank E. Terpil, recruited Cuban exiles to murder Omar Abdullah Mekhissi at Col. Qadhafi's request, although the plan was never carried out.

Mr. Wilson, 52, and Mr. Terpil, 41, were indicted in April, 1980, after a protracted investigation. They appeared to have manipulated their CIA backgrounds and connections to deal in the international arms business.

### Villa in Tripoli

Both men fled the United States after the indictments were returned, and Mr. Wilson is known to be living in a large villa near the Libyan capital of Tripoli. Mr. Terpil was interviewed by a British journalist in Beirut three weeks

ago and is presumed to be living in there, although there are reliable reports that he also visited Europe this month.

Mr. Barcella and the other principal prosecutor in the Wilson case, Carol E. Bruce, acknowledged that they had been out of Washington at the time that Mr. Wilson was in Rome, but said that they could provide no information on a pending case.

Interior Ministry sources in Rome confirm, however, that Criminalpol, the Italian police unit that works on international criminal matters, received a telex on July 3 suspending the arrest warrant that border police were routinely holding for Mr. Wilson.

It is unclear whether there was more than one meeting in Rome and the exact meeting place is not known, although it does appear that some U.S. Embassy personnel in Rome came to know of the session. According to one account, a U.S. official was able to persuade Mr. Wilson to let his passport be examined during the meeting and it was promptly stamped with a "cancel" notice, angering Mr. Wilson. Mr. Wilson also used his stop in Europe to investigate the possibili-



Edwin P. Wilson

ties of expanding into European markets the import-export firm he says he runs in Libya, according to informed sources.

In addition to emphasizing, as a general proposition, that he would never be party to an agreement that resulted in an illegal act such as kidnapping, Mr. Barcella also emphasized that any conversations entered into with a defendant by his office are only for the purpose of "moving a case along" from a stalled position.

## U.S. Marine 5-Year Plan Aimed At Better Manning, Firepower

B: Richard Halloran  
*New York Times Service*

**WASHINGTON** — The Marine Corps has drawn up an ambitious five-year plan to reorganize manpower, increase firepower, acquire more weight and the size of the vehicle's gun. The Corps is further considering replacing its M-60 tanks with the new M-1 Abrams tanks later in the five-year period.

### Harrier Squadrons

Under Marine concepts, air power is integrated with ground combat units. To enhance that, the Corps plans to procure eight squadrons of 24 Harrier attack planes each. The Harrier, developed by Britain but resisted by the Carter administration, can operate from a small, bare, front line base

to give close support to ground forces.

In addition, the Marines have asked for three squadrons of 24 helicopter gunships each. For aerial combat and ground support missions, the Corps has listed 12 squadrons of 12 FA-18 Hornets, new jets that have been the center of controversy because of high costs.

To improve control of their forces the Marines plan to acquire new automated systems to gain better communications from higher headquarters down to the battalions. One system would give ground commanders a quick reading of all the firepower assets available to him and allow him to select immediately the best suited to his situation.

## El Salvador Junta Tries To Prepare 1982 Election

By Raymond Bonner  
*New York Times Service*

"There can't be an election under these conditions, and the state of siege can't be lifted now," René FORTIN MAGANA said in an interview Thursday. Mr. Magana is president of the lawyer's federation and was a member of a ruling junta in 1960. He is now organizing what he calls a pressure group, called Democratic Action, which might participate in the elections as a party to the right of the Christian Democrats.

Only the Christian Democrats want the elections, Mr. Magana said, adding: "We are not obligated to participate."

The main objection to elections involves the advantages of incumbency enjoyed by the Christian Democrats, which under the state of siege includes their control of radio and television. Mr. Magana said more non-Christian Democrats must be brought into the government before there can be elections.

### Media Campaign

"It will be a media campaign," said José Eduardo Palomo, manager of an agricultural supply company and a member of Democratic Action. It will have to be, he said, because fear of being assassinated will keep candidates from campaigning publicly.

On the other side, it seems unlikely that there will be any significant participation by leftist groups, either because they will not be allowed to campaign or because their leaders fear they will be killed.

The Christian Democratic Party's headquarters has been bombed several times. "We know that many of us will be killed during the campaign," said San Salvador's Christian Democratic mayor, Julio Adolfo Rey Prénedes.

The head of the Democratic Revolutionary Front is Manuel Guillermo Ungo, a Social Democrat. Mr. Hinton said that Mr. Ungo, who is in exile, should be allowed to be a candidate, and he expressed confidence that Mr. Ungo would not fare well. "He has a future in this country," Mr. Hinton said.

### 44 Killed

**SAN SALVADOR** (UPI) — At least 44 persons were killed in political violence Friday and Saturday in El Salvador, including 11 leftist guerrillas and eight government troops who had engaged in a fire fight, authorities said.

## Gunmen Shoot Man In Basque Province

*The Associated Press*

**AMURIO, Spain** — Suspected members of the separatist organization ETA have shot and killed a Basque salesman in this town of the Basque province of Alava, police said.

Police said two young men shot Felix Galindez Llano, 54, four or five times Saturday when he opened the door of the pension where he had lived for 30 years.

## U.S. Seeks to Speed Entry Of Travelers at Airports

By Dorothy J. Gaiter  
*New York Times Service*

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This, he said, occurred because inadequately staffed inspection lines inside the International Arrivals Building, which processes half of the passengers from international flights, were jammed with tourists and their baggage. Inspectors struggled to check thoroughly for illegal drugs and disease-bearing foods or plants as well as foreign visitors who were considered likely to overstay their visas.

### New System Tested

Mr. Gartner said that he has heard many complaints about the "extensive delays and the inconvenience of the federal inspection process."

Kennedy Airport officials had hoped that it would be one of at least two airports permitted to test the accelerated inspection system this summer. Last year, it handled 6.3 million arrivals, or 31 percent of all international passengers arriving in the United States by air. But despite an intense lobbying effort in Washington, Kennedy lost to Miami International Airport, which handled 4.3 million international arrivals last year, and to Los Angeles International Airport, which processed 2.8 million.

The test system provides for a one-stop procedure for all passengers at a primary inspection line staffed by inspectors who are "cross-trained" to screen for the Immigration Service, the Customs Service and the Agriculture Department.

At that line, the declaration statement filled out by each passenger would be reviewed and their carry-on baggage would be inspected.

Those requiring additional inspection would be sent to a second inspection line, while others could pick up their checked baggage and leave. Secondary inspections would be based on pre-established passenger profiles, the origin of the flight and sampling or random selection.

"This is a temporary quick fix," he said, "just for this summer as far as we know."

"Last summer was a disaster for Kennedy Airport," Mr. Gartner added. He said a total of 236 air-

crafts had to be held on the ground during the summer, "inconveniencing 70,000 passengers."

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# Rajai Assured of Iran Presidency After Polling 88 Percent of Vote

From Agency Dispatches

LONDON — Iran's state radio signaled the election of Premier Mohammed Ali Rajai as the country's new president Sunday night, broadcasting that he had won 12.2 million of the 14-million votes cast on Friday.

There was, however, no formal victory announcement. The broadcast said that returns from all constituencies gave him 12,224,605 votes, or about 88 percent. That would be 1.5 million more than the 10.7 million that Abolhassan Banisadr, who was deposed last month, received in Iran's first presidential election in January, 1980.

Mr. Rajai, who heads the provisional triumvirate that replaced Mr. Banisadr after his impeachment, needed only about 6.5-million votes to be assured of the presidency, according to a broadcast Saturday, quoting Interior Ministry officials.

Official results are to be announced Tuesday. None of the three other candidates, also Moslem fundamentalists, came close in Friday's violence-torn elections, in which 11 people were

killed. Mr. Rajai, who was expected to win by a wide margin, was helped when his rivals — Abbas Shabani, Ali Akbar Parvaresh and Habibollah Askarolahi Mossallami — made last-minute pleas to the electorate to vote for Mr. Rajai, 48, a former mathematics teacher.

Mr. Bani-Sadr, Mr. Rajai's bitter enemy, has been in hiding since his impeachment, and he urged voters to boycott Friday's elections. The voting also was for 53 seats in parliament left vacant by the ouster of Mr. Bani-Sadr's supporters and the death of more than 20 deputies in a bomb blast last month at the headquarters of the ruling Islamic Republican Party in Tehran.

Meanwhile, Tehran broadcasts and the official Pars news agency said that Revolutionary Guards raided 25 houses and centers used by the ultraleftist Pekyar guerrilla organization and discovered a huge cache of arms. They reportedly found 120 handguns, 60 automatic rifles, 40 submachine guns, more than 1,000 grenades, ammunition, tear gas, explosives and other combat equipment.

## Printing Equipment

The Revolutionary Guards also retrieved printing equipment and uncovered an electronics complex that used a refrigerator factory as a front. Several people were arrested, the radio said.

In Gachsaran in southwest Iran, a bomb exploded at the local headquarters of the Islamic Republican Party, damaging the building but causing no casualties, one broad-

cast reported. The explosion occurred Friday, the radio said.

Eleven Revolutionary Guards were reported killed Friday in election day gun and bomb attacks by opponents to the Islamic regime. The broadcast did not give details of the killings. In renewed violence Saturday, four or five urban guerrillas armed with automatic weapons and grenades attacked a revolutionary committee headquarters in southwest Tehran, killing a local resident, the radio said.

The son-in-law of revolutionary leader Ayatollah Ruhollah Khomeini, Ayatollah Haj Shahabuddin Esraqji, 57, was hospitalized in Tehran after he suffered a stroke, the news agency said. Pars said Mr. Esraqji was stricken after delivering a speech to air force personnel in Hamedan, Mr. Bani-Sadr's hometown.

## Iranian Pilot Defects

CAIRO (Reuters) — An Iranian Air Force major is seeking political asylum in Egypt after he landed a Boeing 707 here. His four crew members want to return to Iran.

Maj. Darioush Khirkhwa, 37, told reporters Friday night he was on a military mission inside Iran when he decided to fly to Cairo. He said the Egyptians are making arrangements for the return of his crew.

"My colleagues tried to persuade me to change my mind but I was determined to come to Egypt," he told a press conference at Egyptian military intelligence headquarters.

President Anwar Sadat has described Ayatollah Ruhollah Kho-



Mohammed Ali Rajai

mehni as a lunatic who is tarnishing the image of Islam. Maj. Khirkhwa, wearing his uniform, said that there is no government in Iran and that confusion prevails. He accused Ayatollah Khomeini of trying to push Iran back 14 centuries.

Maj. Khirkhwa said his wife and children are still in Iran. "Today is the birthday of my 8-year-old son and my family must be waiting for me," he added.

## South Africa Accused Of Angolan Killings

Reuters

LISBON — Angola has accused South African troops of killing 53 Angolans in several raids across the border from Namibia (South-West Africa) last month.

Angop news agency Saturday quoted the Angolan Defense Ministry in Luanda as listing 13 major raids by South African forces in the first three weeks of June.

## Newspaper Claims Plane Crash in Russia Revealed Arms Deal Between Iran, Israel

From Agency Dispatches

LONDON — The Sunday Times says that the crash of an Argentine cargo plane in the Soviet Union on July 18 has revealed an arms deal between Israel and Iran.

The newspaper said the secret transaction involved the supply by Israel of 360 tons of tank spares and ammunition needed by Iran for its war with Iraq.

The paper said the Argentine plane, a turbo-prop chartered for the deal from a firm in Buenos Aires, was returning to Israel from Tehran after a third delivery flight when it was intercepted by Soviet fighters on the Soviet-Turkish border and crashed.

It said it had obtained its information from Andreas Jenni, the Swiss partner of the cargo plane's pilot. The paper identified the pilot as a 38-year-old Briton, Stuart Allan McCafferty.

The Argentinian Embassy said Saturday it was still waiting for offi-

cial Soviet permission to inspect the wreckage of the plane. But an embassy spokesman said Soviet authorities informed Ambassador Leopoldo Bravo that an examination of the wreckage had uncovered no evidence to support reports the plane had been carrying weapons from Israel to Iran.

The Argentine Embassy made its request to send an Argentinian team to the crash site after the Soviet Foreign Ministry reported finding the bodies of four men in the wreckage, the embassy spokesman said, although he said the Foreign Ministry would not confirm that the plane was Argentinian and crashed.

The first report of the crash came last Wednesday from Tass, which said an unidentified plane had entered Soviet air space from the direction of Iran. The agency said the plane performed dangerous maneuvers and finally collided with a Soviet aircraft.

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## Japan Doctor Fights For Certification of Anti-Cancer Vaccine

By William Chapman  
Washington Post Service

TOKYO — On several recent mornings, a line of about 800 people wound through the corridors of the Japan Medical College Hospital awaiting the dispensation of the "Maruyama" vaccine, Japan's most controversial drug.

It has been this way for several years at the clinic operated by the vaccine's discoverer, Dr. Chiatsu Maruyama, 79, but the recent line-up was something special: A week earlier, a government drug-screening panel had ruled there is no evidence that the vaccine effectively combats cancer.

Still the people, relatives of terminally ill cancer patients, are lining up — and Dr. Maruyama takes their presence as a vote of confidence.

"In other cases where drugs were declared ineffective, the people stopped coming," the physician recalled. "In this case, they keep coming. Because of their strong support, I will go on."

His battle with the government's medical authorities is a major public issue in Japan this summer.

Thousands of patients defend the use of the vaccine. Politicians demand that it be certified as useful.

Dr. Maruyama has no doubts. He shows visitors X-rays of his successes. Here, he says, is a tumor on the lung of an 80-year-old man. There is an X-ray taken after four months' use of the vaccine. The tumor is gone.

He said he has documented hundreds of cases of patients who, certified as terminally ill, enjoyed years of prolonged life after using the vaccine. Last September, he said, the cases of 25,047 patients were recorded. Of that total, 2,437 lived for more than three years and another 473 survived for five years. He claimed that it has no side-effects.

But earlier this month, after five years of considering the Maruyama vaccine, the Ministry of Health and Welfare's Central Pharmaceutical Affairs Council ruled that the drug's manufacturer had presented no evidence to show it was effective against cancer.

## Breeder Reactor Kept Alive by U.S. House Vote

New York Times Service

WASHINGTON — The Clinch River breeder nuclear reactor was kept alive when the House, by 20 votes, provided another \$228 million to begin construction on the \$3.2-billion project.

Overriding opponents' charges that the reactor is already costing five times original estimates and will be obsolete when completed, the representatives needed a plenary vote and voted down Friday an amendment cutting off funds to the Tennessee project.

The Clinch River reactor was the third controversial project to escape last week as the House also beat back attempts, encouraged by environmental and taxpayer organizations, to halt construction on the Tennessee-Tombigbee Waterway and to block funds for a coal liquefaction plant in Kentucky.

These three projects together will cost \$552 million in the coming fiscal year.

Congress first authorized the Clinch River project in 1970, when cost estimates were \$700 million. It was supposed to demonstrate the commercial feasibility of generating electricity with a nuclear breeder reactor that would yield more plutonium, a key ingredient in nuclear weapons, than it consumed in uranium fuel.

"We did not say it was not effective," a ministry official, Kiyoshi Toda, observed. "We just said that no evidence was presented showing that it was effective."

Mr. Toda explained that the drug's manufacturer did not present any data on patients who received the vaccine through Dr. Maruyama's clinic — the patients on whom he bases his claims. The data came from patients at other hospitals that also dispense the vaccine.

The ministry's committee examined 441 cases in which Dr. Maruyama's drug was used alone against cancers. "We checked each case of the 441 separately and found it was not effective," Mr. Toda said. "Some patients started to feel better and had better appetites, but there were no cases in which the tumor actually grew smaller."

Dr. Maruyama said that no cases in his own clinic were presented to the council to avoid suspicion of submitting "tainted" evidence to prove his point.

Dr. Maruyama developed the vaccine in the 1940s to fight tuberculosis and leprosy and in 1965 began dispensing it to cancer patients whom doctors described as incurable. More than 140,000 cancer patients have been treated so far, and relatives of 100 new patients come to his clinic every day. They pay \$5,000 a year (about \$23), in the form of donations to the clinic, for a 40-day supply of the vaccine.

The drug's manufacturer has supplied vaccine to Dr. Maruyama's clinic in the hope that it will be certified as a usable medicine. If the drug council's opinion is upheld by two reviews later this summer, the vaccine cannot be marketed commercially in Japan and the manufacturer may cease making it.

The council's opinion has become a significant political issue. A committee of Diet (parliament) members has urged that it be licensed for commercial sales, pointing to the thousands of patients who claimed relief after taking it.

Dr. Maruyama said that he believes his vaccine is being discriminated against by the ministry's drug-screening council. Two other anti-cancer drugs were certified usable after one- and two-year testing periods, while his own application was not ruled on for five years.

Dr. Maruyama also pointed out that the chairman and one member of the screening council are physicians who developed another popular anti-cancer drug already on the market. He said that if his drug is approved for commercial sale, it would be highly profitable, and the other two drug companies would be in for a "shock."

## OAU's News Unit Seeks '82 Start

Reuters

DAKAR, Senegal — The Pan African News Agency will start operating next year, its controlling intergovernmental council has decided.

The measures decided by the council on Friday, including financial and personnel arrangements, will be submitted next January for the approval of Organization of African Unity information ministers.

The Dakar-based agency, set up by the OAU in April, 1979, has been held up by lack of funds, staff and communications, as well as by delays in ratification by member states. PANA's director-general, Ousmane Cheikh Diallo, said last Wednesday that the agency would send out 75,000 words a day, in English, French and Arabic.



In an attempt to prevent the dumping of radioactive waste in the Atlantic, inflatable boats were launched from the Sirius, left above, a ship owned by the Greenpeace ecology group, for an encounter with MV Gem. The MV Gem was chartered by the United Kingdom Atomic Energy Authority to sink the material about 800 miles off Land's End, England. At right, crewmen on the Gem used hoses to ward off one of the craft.

## Gabriel Hauge, Banker, Eisenhower Aide, Dies

New York Times Service

NEW YORK — Gabriel Hauge, 67, retired chairman of Manufacturers Hanover Trust Co. and one-time special assistant for economic affairs to former President Dwight D. Eisenhower, died Friday of cancer.

Under Mr. Hauge (pronounced HOW-gee), Manufacturers Hanover's assets grew from \$7.7 billion in 1960 to \$55 billion by 1980.

### OBITUARIES

making it the fourth largest bank in the United States.

Before joining the bank in 1958, Mr. Hauge served on Mr. Eisenhower's staff for six years. Mr. Hauge also maintained close ties with Richard M. Nixon and Gerald R. Ford during their presidencies.

Mr. Hauge was instrumental in shaping and putting into effect post-World War II economic policies of the United States, both domestic and international. He was aligned with the liberal wing of the Republican Party and was an advocate of the free movement of goods and investment among nations.

Throughout his life, Mr. Hauge strongly opposed the imposition of economic controls. He also frequently urged monetary restraint by the Federal Reserve. In 1964, he warned that recessions could not be completely avoided and that government efforts to avert them could be counterproductive.

Mr. Hauge's political career began in 1951, when he became director of research for "Citizens for Eisenhower," before the former general had officially decided to run for president. In June, 1952, Mr. Hauge took a leave of absence from Mc Graw-Hill Publishing Co. to join Mr. Eisenhower's campaign staff.

### Harvey Fletcher

NEW YORK (NYT) — Harvey Fletcher, 96, who headed a team of scientists that developed stereophonic sound and demonstrated it to a startled audience in New York in 1934, died Thursday following a stroke.

Mr. Lewis said he also was encouraged by the commitment in the Ottawa communiqué to members' participating "actively" in the United Nations Conference on the least developed countries that is to be held in Paris in September.

### Poorest Nations

The meeting will focus on the development problems of about 30 of the United Nations' poorest members.

Based on reports from participants in the Ottawa meeting, the seven nations will approach the Paris conference in a "positive frame of mind," Mr. Lewis said.

This, he said, reinforced his view that "the outlook for the developing nations was not as alarming as many people are saying."

Western diplomats have said that they expected that the conference would be politically stormy, with some of the poorest nations sharply criticizing Third World development efforts by industrialized nations.

Mr. Lewis said that "it is wrong to suggest that DAC donors have lately been veering away" from aid spending in the poorest nations.

With a combined 12 percent of the developing countries' population in 1979, they received 22 percent of the aid, up from 15 percent at the beginning of the 1970s, he said.

After retiring from Bell Laboratories in 1949, Mr. Fletcher held academic posts at Columbia University and Brigham Young University until the late 1950s.

He continued doing research in his anechoic, or echo-free, laboratory at Brigham Young until a month ago.

Reporting on the first presentation of "three dimensional" or stereophonic sound on Jan. 24, 1934, The New York Times said the audience was "mystified" and "utterly terrified."

"Had it not been for the knowledge they were witnessing a practical scientific demonstration," the

Amin Army Men Freed in Uganda

Reuters

KAMPALA, Uganda — More than 1,400 former members of Idi Amin's army were released from jail on Sunday after being warned not to join guerrillas opposing the government of President Milton Obote.

The men, most of whom have been in Kampala's overcrowded Luzira prison for more than two years, looked thin but healthy. Most were from the former dictator's tribal homeland in the west Nile district where he recruited his army during a bloody, chaotic eight-year rule that ended in April 1979.

audience "might have believed they were attending a spiritualist seance. Some women in the audience, admitting a feeling of 'spookiness,' left the auditorium in flight. "Airplanes flew from the stage and circled over the heads of the audience with so much realism that all present craned their necks in flight."

### Sergei Narovatov

MOSCOW (Reuters) — Soviet writer Sergei Narovatov, 61, has died after a long illness, Tass reported Friday. Mr. Narovatov was editor of the literary monthly Novy Mir (New World).

### William V. Davis Jr.

GROTON, Conn. (AP) — Retired Navy Vice Adm. William V. Davis Jr., 79, a pioneering naval aviator, died Saturday of cancer. He won the Dole air race from



Gabriel Hauge  
... in 1970 photo.

Oakland, Calif., to Honolulu in August, 1927, and was a member of the Navy's first aerial stunt team, the Three Seahawks. After World War II, he became the Navy's director of test flights.

## Athens Disputes Archaeologists On Condition of Knossos Palace

New York Times Service

team of experts had been assigned to supervise the project.

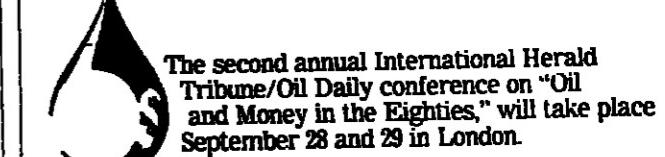
The British School of Archaeology at Athens has been excavating at Knossos since 1901. It issued an announcement denying that an Oxford University archaeology professor, Sinclair Hood, the school's former director, had predicted that the palace would "literally collapse within the next five years." Prof. Hood had been quoted as an Athens daily.

An Athens University archaeology professor, John Sakellarakis, director of the Heraklion Museum in Crete, has said that the condition of the Knossos palace is "quite serious."

Knossos was largely destroyed before 1500 B.C., possibly by an earthquake, and was rebuilt. The palace was destroyed again about 1400 B.C., possibly by invaders from the mainland, and the Minoan culture faded from existence.

## Oil and Money Conference.

London, Sept. 28-29.

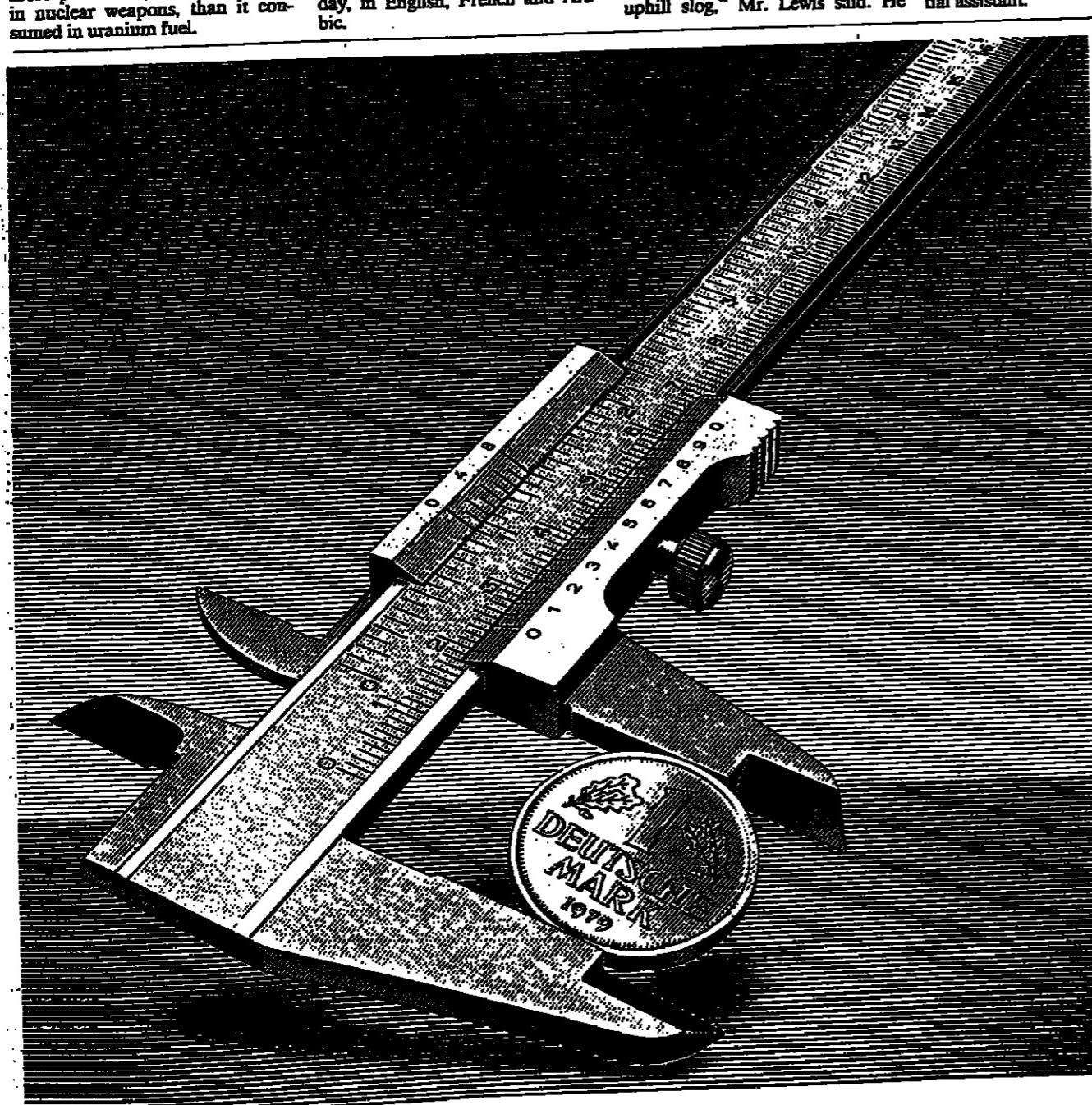


Sheikh Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources, Saudi Arabia, will head a list of distinguished speakers from industry and government around the world. Among the subjects to be discussed will be the supply-demand outlook, financing oil production, the impact of politics on future oil flows, alternative energy resources and related issues.

For further information, please contact the International Herald Tribune, Conference Dept., 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telephone: 747-12-65. Telex: 61232.

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## A Fleeting Cease-Fire

The cease-fire in the Middle East is marvelous news — for a while. Attacks on towns in northern Israel by the Palestine Liberation Organization had forced large-scale evacuations — which is why, incidentally, so few people were killed. Israeli raids in southern Lebanon and in Beirut had taken great numbers of casualties. It was no surprise to find the PLO raining terror on civilians. This time, however, the Israelis, too, shed all pretense of avoiding civilians. That is all the more reason to thank Philip Habib, President Reagan's representative, for bringing the hostilities to a halt.

Just what he arranged is vague, partly by design. The Israelis, although they were bestowing de facto recognition on the PLO with their guns, wished to avoid according legal or political recognition by working out a cease-fire with the PLO even indirectly. So they gave their commitment to stop shooting to the United States. For similar reasons, the PLO rendered its commitment to the United Nations. Evidently, the Palestinians are not to fire at Israelis or at their Christian allies in southern Lebanon, and the Israelis are not to fire at Palestinians, Lebanese or Syrians anywhere in Lebanon. Perhaps there is more. It will work for a while — two days, three weeks, four months or whatever — and then it will break down.

THE WASHINGTON POST.

## Oh, Passing Happy Day

A woman of our acquaintance has always wanted to be Queen of England and thus, she claims, free of any domestic decision weightier than whether to wash her neck or her feet first. She likes the hours she likes the pay, and whenever she reads that ribbon-cutting is boring, she reminds herself that she once met a group of women who made their living seeding pimentos. It was not much of a living, and the pimentos all looked alike.

Deprived of the pleasure of Queen Elizabeth's cupulas by the absence of satellite transmission in 1947, this woman is planning to be up very early on Wednesday morning. Imagining herself the star of the show at St. Paul's is the closest she'll ever get to monarchy — and, besides, she is lured by the possibility of perfection.

The possibility of perfection is, in the end, what a royal wedding is all about. It is inconceivable that the diamonds will be fake, that the trumpets will be out of tune, or that the horses will be spavined nags. The glass coach won't get a flat tire, sneezing will be suspended for the duration of the ceremony.

Like millions of Britons, she will be temporarily oblivious to her daily round. But for her, in America, coming back to earth will be no more disconcerting than walking out of a cool movie into a hot street. For the British, it is bound to be a painful shock.

THE NEW YORK TIMES.

## Dearth in the Afternoon

The Washington Star, so went the conventional praise, was the best afternoon daily in the United States. The praise was deserved, but also helps to account for The Star's impending death. Nearly all afternoon papers have bucked an ill wind that has blown journalism little good. Last year 17 afternoon papers ceased publication, victims of the evening television news, of changed reader habits and of declining advertising.

But knowing why doesn't diminish the loss. Until 1954 there were four newspapers in the capital; now there may be only The Washington Post. It is no criticism of The Post to state the obvious: Several stories every day will remain unreported when Washington becomes the biggest one-paper town in the United States. And the crackle of argument will be muted with the loss of an outstanding newspaper's editorials, columns and letters — a forum that is not duplicated on television.

In its halcyon days, The Star was to Washington what The Herald Tribune was to New

YORK: a model of crisp writing, graphic elegance and reasoned Republicanism. From its Berryman cartoons to the polished essays of Mary McGrory, it was a paper of style and substance. Until the 1960s its position seemed impregnable, an illusion that encouraged its former owners to keep dividends flowing even as it was overtaken by The Post.

The Star had already lost its luster when it was acquired in 1974 by a Texas financier, who resold it — minus profitable television and radio stations — to Time Inc. in 1978. Despite a heavy investment of money and talent, Time could not reverse the tide.

It now seems the rule that a good afternoon paper can survive only when its morning competition is clearly inferior. Some argue that the loss is offset by news weeklies, better broadcast news and quality suburban papers. But all of these together won't fill the void left by The Star. If the best of the old can't make it anymore, one can only hope for something startlingly new.

THE NEW YORK TIMES.

## International Opinion

### Sport, Crusaders, Tolerance

The cause of the blacks in South Africa will benefit little from the anti-Springbok demonstrations in New Zealand, whose campaign won an infamous victory last week. Apartheid involves much cruelty and injustice. But the true enemies of cruelty and injustice are kindness and tolerance, not hatred and fanaticism. Just as the Crusaders in the Middle Ages disgraced Christ's Cross by their indulgence in the sword, so do these New Zealand humanitarians disgrace their creed by indulgence in violence.

How can intolerance ever promote tolerance? When the antagonists of apartheid display the same vices as its champions, they blur the distinction between good and evil to the point where sensible people are provoked into saying, "A plague on both your houses."

Our hope is that the Springbok team will be able to carry on, since a final victory for

the demonstrators would be a victory for the very mindless fanaticism in which apartheid has its roots. The aim in South Africa must be peaceful change, achieved through agreement between the races. There is no other way forward which will not eventually lead backward. Scenes of riotous tumult, such as are disgracing New Zealand, cannot possibly promote this outcome.

— From the Sunday Telegraph (London).

Ever since they arrived, the tourists, under constant police guard, have been virtually prisoners in their hotel or at the training ground. What should be the experience of a lifetime is beginning to develop into a nightmare ... In these circumstances, it would seem that the South Africans would be well advised not to tour abroad at the moment. They have made a great deal of progress toward multiracial rugby in the past decade, but there is still some way to go.

— From The Sunday Times (London).

## In the International Edition

### Seventy-Five Years Ago

July 27, 1906

### Fifty Years Ago

July 27, 1931

NEW YORK — Editorial writers view the towing of the dry dock Dewey to the Philippines as a great achievement. The Philadelphia Public Ledger comments: "The net result is that the government has in the Philippines a dock capable of taking in the heaviest warship it has, and that the naval strength of the government in the East has been immeasurably augmented. The triumph of the navy was not alone in the conception of the idea, and the demonstration in advance that the idea was feasible, but in the manner in which it carried out the difficult and delicate matter of transportation. The officers who undertook the task have covered with glory themselves and the Department."

MOSCOW — Bernard Shaw, born in the land that produces the hard-riding Irish jockeys and during most of his life a resident of the country that produced the English thoroughbred, had to go all the way to red Russia to see his first horse race. Today he watched the Soviet ponies gambol around a Moscow racetrack and after the main race on the card — the Stalin Derby — he personally presented the winning jockey with the special Shaw Prize (which was not a copy of "The Intelligent Jockey's Guide to Socialism"). But he found the spectacle of no great moral or political truth. He wagged his beard and said: "It is disgusting!" It was the classical wisecracker's 75th birthday.

## In the Vital Interest of Israel

By Anthony Lewis

BOSTON — During the two weeks of intense Israeli bombing in Lebanon, American officials expressed increasing concern about the effects on the U.S. position in the Middle East. But the diplomatic move, when it came, was really more in Israel's interest than in America's. It was an intervention to save Israel from the consequences of its own policy.

The bombing campaign was as clear an example of self-destructive tactics as we have seen in international politics lately. When Prime Minister Begin and the Cabinet finally agreed to the U.S. proposal for a cease-fire, one can only surmise that the political price they were paying had somehow been brought home to them.

Some of Israel's warmest supporters in the United States were sickened by the raid on Beirut, which took the lives of 300 people. A supporter asked angrily: "How many innocent people does Menachem Begin have to kill before the United States expresses its outrage?"

And it was not just the attack on Beirut. Day after day Israeli planes struck at highways and bridges in raids that caused mainly civilian casualties. John Kifner of The New York Times wrote from southern Lebanon last Wednesday that most of the victims were civilians "burned alive in their cars, trapped in clogged traffic."

Israelis have been the victims of terrible attacks by Palestinian terrorists: at the Munich Olympics, in the school at Maalot, in a bus on a coastal highway. The incidents remain in our memory — and how much more, rightly, in the mem-

ory of Israelis. But the world will not be persuaded by that history, and should not be, that Israel is justified in indiscriminate military attacks.

The latest round of fighting, so far as we know, began with Israeli air attacks on July 10. The first Palestinian rockets followed, killing three Israelis, and then came the raid on Beirut. Altogether over the two weeks, the death toll was approximately 450 Arabs, 6 Israelis.

Sovereign states in this world are not expected to act like terrorist groups. Responsibility is one of their claims to existence, and one of their burdens. The responsibility is the greater when a country is a dominant military power — as Israel is in the Middle East, able to attack more or less where and when it wishes.

Moreover, bombing has failed as a device to break the will of another people. The U.S. study of strategic bombing in World War II showed that, if anything, it intensified the German war effort and public support for it. The same failure was demonstrated in Vietnam.

The bombing in Lebanon had a particular ironic effect. Its designated targets were Palestinian guerrillas, but the bombing ended by lending legitimacy to the Palestinian cause. Begin could say, as he did, that he would not countenance even indirect negotiations with the PLO for a cease-fire. U.S. officials could swear contact with the PLO, but there had to be a dialogue and there was — through the United Nations.

The result has been to dramatize the political presence of the PLO. The world sees it as a necessary party in the diplomacy of this episode — and, by inference, in others.

The bombing, finally, was a failure in a sense more profound than its immediate results. It was the logical end of a general policy that refuses to accept Palestinians as human beings with a sense of national identity. Instead of dealing with that stubborn reality, Begin has handled the problem by force: by continued occupation of the West Bank, by suppression and expulsion of the area's political leaders, by the planting of settlements.

In the short run those tactics have worked. But they can bring no real peace, no repose for Israel. They are a recipe for hatred. And bombing is the ultimate expression of that bankrupt policy.

In the end, only political solutions can give Israel the breathing space it needs and deserves. Only successful diplomacy can restore its internal peace and moral authority. Bomb Lebanon, occupy it, send armed force farther and farther. None of that can bring security for long.

If there is any hope amid the bloodshed of these last weeks — and I think there is — it is in the response of the Reagan administration. It did not threaten, it did not bluster. But it made its distress at Israeli policy plain, and it brought the reasons home to Begin through the effective diplomacy of Ambassador Philip Habib.

Most important, I believe that the president has understood the larger lesson of



the affair. This is that only American leadership can rescue Israel from the dead-end where a policy of force without diplomacy, without politics, has brought it.

Assuming optimistically that Habib can make significant progress on the Lebanese tangle, the challenge to Washington is to produce some progress on the West Bank. The available path is the suspended negotiation on the Camp David promise of "autonomy." Reagan should tell Begin, when he visits Washington in the fall, that his travesty version of autonomy — endless occupation, settlements, absorption — will not do; in the interest of the United States or of Israel.

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## Look at the New Emperor's Clothes: They're Normal

By Meg Greenfield

WASHINGTON — You get the idea, wandering around Washington, that people will forgive Ronald Reagan just about anything but his confounding of set political patterns and cycles. He is due for a "slump" in the polls' shortly or a "series of set-



## The BBC: A Burden Worth the Trouble

By Jonathan Power

LONDON — Walter Lippmann, in one of his early postwar columns, mocked America's efforts to broadcast overseas. The broadcasts, he wrote, were no more than "singing songs, cracking jokes, entertaining the kiddies ... This country, being a truly free country, does not have any such things as an official ideology, an official doctrine and an official set of opinions."

No influential voice in Britain, to my knowledge, has ever made a similar criticism of the BBC's External Services. No one, for that matter, has derided them as an Orwellian "Ministry of Truth."

They have evolved over the years as an institution that, while not promoting an official ideology, has been able to project to the outside world the best of Britain's journalistic talents — informed analysis, variety of comment, and sharpness and accuracy of reporting. It entertains, too, but with discernment.

Twenty-five years ago there were only about 150 million radio sets in use in the world. Today there are over a billion. In Africa the number has climbed in 20 years from half a million to 23 million; in India from a million to 18 million; in China from a million to 50 million. These are mainly transistors able to pick up shortwave broadcasts at the push of a button. They are the prime source of information for perhaps a majority of the world's population.

This is the government's seventh attempt in eight years to cut the BBC External Services. Each time the government has been beaten back part of the way, the last time by a rebellion in Thatcher's own party. But each time the government has made some headway and each time the BBC, in order to placate the government, has publicly boasted about its new efforts to increase the hours of broadcasting in Iran, Turkey, Afghanistan or wherever at that moment Western interests were on the line. Every effort to justify its existence has come to grief.

**Purpose**

No one doubts that Margaret Thatcher has strength of character, sharpness of mind, persistence and steadiness of nerve. However, it is becoming increasingly apparent that she lacks wisdom and foresight — qualities without which a leader fails to give a moral tone or a sense of sustainable purpose to her or his society.

Thatcher appears to believe that just as successful domestic policy can be measured by monetary targets achieved, foreign policy can be judged by the number of Trident submarines built. Riots break out when unemployed youngsters feel that the shake-out will offer them nothing in their formative years, within their horizons of vision. Foreign peoples turn away from a diminished ex-colonial power if they observe that its residue of achievement — cultural, philosophical, literary and political — is nothing more than a fig leaf for inglorious, second-class nuclear power politics.

This is the kind of effort that gives Britain abroad a certain clout — the feeling that the country has something to offer that is more than the sum of its scientific inventiveness, its banking expertise, its pageantry and its double-decker buses. A long time was required to develop this. It could be undermined easily and quickly.

people's discomfort with the idea that things aren't going quite according to schedule.

This is dry business. It is also typical of Reagan's defiance of those rhythms and rituals by which Washington lives. I have in mind the great moving consensus that decides what are a leader's strengths and weaknesses and perils and prospects at any given moment, changing these on (roughly) a fiscal-quarter basis and (most important) somehow psyching out a president or candidate in the process, so that he is sooner or later transformed into the cliché we have of him. He starts living it. Then we put on a new cliché.

Just about a year ago, at the end of the Republican Convention in Detroit, Reagan, who was too old and too right-wing and too intellectually limited to be nominated, was nominated. He launched an effort to unseat Jimmy Carter that was doomed because, in addition to his aforementioned disabilities, he was also too belligerent and too self-evidently reckless and too uninformed on policy to make it, especially — poor devil — if Carter took out after him. After his election, Reagan was bound to be shamed when he discovered that it was impossible to cut sums like those he was talking about from the federal budget. Ex-

This is, to date, the most extraordinary thing about the Reagan presidency: The capacity of the man to elude our fixed and usually oddly self-fulfilling analysis. Such analysis, treacherous and infatuated at once, is in part a product of laziness, in part of group suggestibility and in part the need for predictability, order and ostensible logic in political life.

Something happened and we say, "Oh, well — it must be because of this —" or "It must mean that —" or "He's doing just what predecessor X did and we all remember

— here a weary smile — "how that came out."

I am not talking about Reagan's being right; that central judgment really isn't what it's about. I'm not even talking necessarily about his being smart in the sense of politically cunning. Reagan does surely seem to be that, but I think there are some other qualities that enable him so successfully and consistently to fetch up somewhere else than the conventional wisdom thinks he is headed at the moment.

One is a capacity to speak in a normal, plausible voice. This gift, utterly rare in successful politicians, can enable them to sound credible while saying the most incredible things. Reagan has it. Unlike 99 percent of his ambitious breed, he — and some of his top staff share this — does not exude anxiety or defensiveness or duplicity or aggression while he is speaking the most simple pieties. He sounds as if he means them. He will say honest things in a honest way that makes you believe they are authentic as an explanation of why he thinks will happen.

"You tell me you're going to Minsk so I'll think you're going to Pinsk, when you really are going to Minsk — so why do you always lie to me?" Thus the ancient joke. Ronald Reagan, however, really is going to Minsk and you never doubt it for a moment when he says so. You may not want to go with him (especially if we are to

cross him while he is speaking the most simple pieties). He sounds as if he means them. He will say honest things in a honest way that makes you believe they are authentic as an explanation of why he thinks will happen.

— R.F.D.

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governor, manage, be in charge. I can't say I'm very pleased with what Reagan says no to — or yes to, for that matter. Much of the time it seems to me he's got it the wrong way around. But I know what the situation was saying. Reagan may yet slimp, slide, be set back or plunge, but don't let that stop you. You may not want to go with him (especially if we are to

cross him while he is speaking the most simple pieties). He sounds as if he means them. He will say honest things in a honest way that makes you believe they are authentic as an explanation of why he thinks will happen.

— R.F.D.

## Letters

### What the Boat People Left

Harry W. Hayes' letter (IHT, July 20) cannot be criticized for the concern due the Vietnamese boat people, but why not get at the fundamental cause of their torments? It is purely and simply the actions of the government of Vietnam. There would be no boat people otherwise for pirates to attack. This shift of responsibility to "Tai pirates" and away from the Soviet-supported Communist tyranny in Vietnam falls on deaf ears in the East. I speak too, as a combat veteran of five years in the U.S. Navy in World War II and as a resident of the East of over 20 years. Let Mr. Hayes rethink the causes of his concerns and he might find the responses he seeks.

Hong Kong.

R.U. FRONDORF.

### On Nuclear Rhetoric

## U.S. Data Heartens Crystal Ball Gazers

By Carl Gewirtz

*International Herald Tribune*

**PARIS** — Bankers and bond dealers were gleefully reexamining their crystal balls by the end of last week — at last the omens looked favorable.

The U.S. economy slowed 1.9 percent in the second quarter after the hectic 8.6 percent annual rate of expansion recorded in the opening three months. The slowdown was accompanied by a drop in the rate of inflation to a 6 percent annual rate from 9.8 percent in the first quarter.

Meanwhile, Treasury Undersecretary for Monetary Affairs Bertil Sprinkel told Reuters in Washington that a recession is possible and that the administration is willing to bear some costs to reduce inflation.

### EUROBONDS

This is good news for bond markets — the drop in growth and the inflation rate brings nearer the day the administration can take its foot off the brakes and ease up on its high interest rate policy.

On the technical front, further good news was reported late Friday in New York, when the Federal Reserve announced that the most closely watched measure of money supply, so-called M-1B, fell \$5 billion in the week ended Wednesday after having surged \$6.9 billion a week earlier. The latest week's decline far surpassed the \$1.5-to-\$3.5 billion decrease analysts had been projecting.

But the Fed data did sow some confusion. The latest figures show that through June, growth of M-1B at a 0.7-percent annual rate is well below this year's target of 3 percent. However, M-2 has been growing at an 8.7 percent annual rate, uncomfortably near the 9 percent target rate.

While New York analysts were perplexed about which of these figures to watch for clues about how the Fed would treat the money market in coming days, the immediate reaction to the surprisingly large drop in the money supply was a sharp rally in fixed-rate instruments. Long-term bond prices rose up 2 points. In the short-term market, the price of six-month Treasury bills rose, pushing down the bid-side yield to 14.5 percent compared with 15.40 percent late Thursday.

Anticipating the better money supply figures, two new straight Eurobonds were put on offer late Friday — both for U.S. utilities.

#### Pacific Gas Offer

Pacific Gas & Electric, the largest such utility based on annual revenues, is offering \$60 million of



Traders shout bids in the grain and soybean pits at the Chicago Board of Trade. Futures markets in the United States are expected to benefit from the influx of investment by Japanese.

## Despite Ford's Firm Rebuff, Chrysler Still Longs for a Marriage

By Peter Lohr

*Washington Post Service*

**WASHINGTON** — Chrysler Corp. still sees a Ford in its future. Despite a quick rejection of its merger offer to Ford Motor Co. last April, Chrysler apparently cannot get the idea of a combined Ford-Chrysler out of its mind, according to industry sources.

Chrysler Chairman Lee A. Iacocca says the proposal has been shot dead by Ford. At a National Press Club speech Wednesday, Mr. Iacocca was asked about the potential of a Ford-Chrysler combination.

"I don't want to dwell on that," he replied. Chrysler did prepare a "white paper" outlining how the two companies might fit together, Mr. Iacocca said. "Ford chose not to discuss it at all, so we packed our bags and left. So there's no reason to discuss it."

#### The Best Hope

Privately, Chrysler officials and some former Ford officials continue to say that a Ford merger within several years may be the best

## Japanese Investors Take Aim at U.S.

By Steve Lohr

*New York Times Service*

**NEW YORK** — Once again, the Japanese are coming, and on Wall Street, it is already being called "the friendly invasion."

This time, instead of invading U.S. markets with their Toyotas, Sonys and Panasonics, the Japanese are bringing their money. In increasing numbers, they are coming to buy stocks on Wall Street and to wheel and deal in U.S. commodities pits.

For decades Japanese authorities, concerned to shelter its economy, severely restricted the ability of Japanese to take yen out of the country. Last December, however, those foreign exchange controls were substantially relaxed, and more Japanese funds are already flowing into U.S. stock and commodity markets.

The influx of Japanese funds is not only more business for Wall Street; it is also expected to enlarge, deepen and add liquidity to U.S. financial markets. And in international finance, Japan's relaxing of currency controls is a kind of coming of age, boosting the yen as a major world currency and signifying Japan's willingness to expose its economy to the vagaries of world currency markets.

#### Focus on U.S.

The relaxing of foreign exchange controls made it easier, of course, for Japanese to put their money into houses throughout the world. By all accounts, however, the United States will be the principal arena. Like other investors abroad, the Japanese typically seek three qualities in foreign investments: Political stability, growth potential and liquidity.

The United States and its capital markets have those qualities more than any other foreign country, "said Yoshio Terasawa, president of Nomura Securities International in New York. "The Japanese recognize this."

The newly liberated Japanese investment appetite for U.S. markets is hardly to pin

down or measure precisely. But clear signs exist that investment activity is picking up.

One such sign is the spurt in trading volume of yen for dollars and vice versa in the Tokyo foreign exchange market, according to Edward J. Lincoln, director of economic studies for the Japan Economic Institute, Washington research group financed by Japan's Foreign Ministry. In the second quarter, yen-dollar trading rose 40 percent from a year ago, to \$1.15 billion a day.

Though it is uncertain how much of the rise is directly attributable to the Japanese gathering

new market among Japanese clients seeking U.S. investments. "We look at the opening of the Japanese capital markets as a very positive development," said William R. Arthur, chairman of Merrill Lynch International. "Our strategy is clearly to expand in that market."

To be sure, no one anticipates an overnight flood of Japanese funds. "Japanese investors will move and more diversify their portfolios into the United States, but this diversification will come gradually," Takanori Mizuno, senior economist in the New York office of Tokyo's Fuji Bank Ltd., predicts.

Experts say it is impossible to forecast how great the migration of capital will be. "This is a somewhat new situation," said Hideo Yamada, director of the New York office of the Nomura Research Institute, an affiliate of the Nomura Securities. "Statistical projections for this would be very difficult to make and quite speculative."

Some Japanese resort to extravagant language to describe the anticipated flow of investment funds into this country. "Inestimable and unbelievable volume should result," according to Yasuo Mogi, executive vice president of A.C.E. International Inc., which began operating in mid-May.

His company, a new, Tokyo-based subsidiary of A.C.E. Koei, is a direct response to the change in Japan's foreign currency law and a vehicle for channeling funds into foreign commodity markets, especially the U.S. It has 70 brokers, many of whom speak English and are specifically trained in the ways of the U.S. commodity futures markets.

By the end of June, A.C.E. International had attracted 95 new clients, whose accounts averaged \$8,000 each, though some are more than \$300,000.

For their part, U.S. securities firms expect the easing of exchange controls to open up a

(Continued on Page 9, Col. 3)

## Some Bankers See Upturn in Lending Fees

By Carl Gewirtz

*International Herald Tribune*

**PARIS** — While many bankers remain skeptical about any significant imminent rise in lending charges on syndicated Euroloans, others maintain that a gradual upturn has been under way for some while and will continue.

The latest loans for France, which has consistently fought for the toughest terms, are used as examples.

The newest of these is a \$200-million, 10-year standby for Gaz de France, which is offering to pay 0.45 percentage point over the London interbank rate for the first four years, 0.35 point over for the following four years and 0.25 point over for the final two years.

These low margins are on a par with what France has paid on earlier loans, but the not insignificant difference is that the order reversed, with the higher margin coming first and the lowest portion at the end. With the loan to be repaid in three installments — 25 percent at the end of the eighth and ninth years and 50 percent at maturity — only 75 percent of the total will be outstanding when the lowest margin becomes effective.

"It's only a marginal increase" in France's borrowing costs, a U.S. banker notes, but the significant news is that the direction is upward after more than a year of steady decline.

On the other hand, an argument can equally be made that what France gives with one hand it takes away with the other. The GDF loan is a standby line, to be used in the event that it cannot or does not want to roll over short-dated commercial paper issued in the New York money market. Put bluntly, GDF does not intend to draw on this credit. This makes the commitment fee rather important, as that is what the banks can expect to earn for having set aside the unrawn loan.

And the commitment fee is a thin 1/4 percent, half the "normal" fee.

A perhaps better example of how France is paying more to borrow

is the just completed dollar-ECU loan for Credit National, which was a smashing success with 60 percent of the loan taken off the managers' hands through syndication. This loan will be drawn down.

The margin on the eight-year, \$200-million portion is a split 1 1/4-1 1/2 point over Libor — not quite as thin as the margins on credits set up as standby lines. And the return on the ECU portion is an effective half percent.

While it is argued that this is a price France must pay for opening a market in ECU, bankers also note that France is not in the habit of giving gifts — if it is paying more to open the market that is because it sees the need to tap that market.

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All these Bonds have been sold. This announcement appears as a matter of record only.

NEW ISSUE

June 11, 1981



## EUROPEAN INVESTMENT BANK

ECUs 40,000,000  
13 1/4 per cent. 1981-1989 Bonds

### Kredietbank International Group

Algemene Bank Nederland N.V. Amro International Limited  
Banca Commerciale Italiana Banque de Tokyo International Limited  
Banque de l'Indochine et de Suez Banque Internationale à Luxembourg S.A.  
Berliner Handels- und Frankfurter Bank Chase Manhattan Limited  
Crédit Commercial de France Deutsche Bank Aktiengesellschaft  
Dresdner Bank Aktiengesellschaft Kleinwort, Benson Limited  
Salomon Brothers International Société Générale de Banque S.A.

Alahli Bank of Kuwait (K.S.C.) Banca del Gottardo Bank Brussel Lambert N.V. Bank Gutwille, Kurz, Bungener (Overseas) Limited

Bank of Helsinki Ltd. Bank der Österreichischen Postsparkasse (P.S.K. Bank) Banque Générale du Luxembourg S.A. Banque Ippa S.A.

Banque de Paris et des Pays-Bas Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A. Bayerische Vereinsbank International S.A.

Bergen Bank Chemical Bank International Group Christiania Bank og Kreditkasse Citicorp International Group

Compagnie de Banque et d'Investissements, CBI Crédit Communal de Belgique Crédit Général S.A. à Bruxelles

Credit Industriel d'Alsace et de Lorraine Credir Suisse First Boston Credito Italiano Dai-Ichi Kangyo Bank Nederland N.V. Daiwa Europe Limited

Den Danske Bank Den Danske Provinbank A/S Den norske Creditbank Deutsche Girozentrale - Deutsche Kommunalbank - Aktiengesellschaft

European Banking Company Financière Dewanty S.A. Gefina International Limited

Girozentrale und Bank der Österreichischen Sparkassen Goldman Sachs International Corp. Götabanken R. Henriquez Jr. Bank Aktiengesellschaft

Irish Intercontinental Bank K.B. Luxembourg (Asia) Ltd. Kredietbank N.V. Kredietbank (Switzerland) S.A.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) E van Lanschot Bankiers N.V. Manufacturers Hanover Limited

Merrill Lynch International & Co. Mitsubishi Bank (Europe) S.A. Mitsui Finance Europe Limited

Nederlandse Middenstandsbank N.V. Nederlandse Credietbank nv The Nikko Securities Co., (Europe) Ltd.

Nippon European Bank S.A. Orion Bank Privatbanken A/S Rabobank Nederland RB-Banken A/S Sanwa Bank (Underwriters) Limited

Skandinaviska Enskilda Banken N.V. Slavenburg's Bank Société Générale Alsaciennes de Banque Soditic International S.A. (Panama)

Sparbankernas Bank Svenska Handelsbanken Union Bank of Norway S.G. Warburg & Co. Limited

## CURRENCY RATES

Intrabank exchange rates for

# International Bond Prices - Week of July 23

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

## RECENT ISSUES

Am.	Security	% Mat.	Middle Price	Mat. Life	Curr.	Yield
5/27	Canv Issue Pr. Mid Pr. Yield	5.75	95 1/2	12.03	12.10	
5/28	Corp Overstres	5.9	97 1/2	15.73		
5/28	Toronto Domine Bank	5.9	98 1/2	14.08		
5/29	15% 1988 Jul	5.9	97 1/2	14.08		
5/29	Goldman Ccorp	5.9	97 1/2	14.16		
5/29	Hiroco Corp	5.9	98 1/2	14.16		
5/29	National Overstres Fin	5.9	97 1/2	14.58		
5/29	Furukawa Electric	5.9	100 1/2	107 1/4		
5/29	Sumitomo Corp	5.9	98 1/2	14.58		
5/29	Ward Bros	5.9	100 1/2	14.74	12.79	
5/29	Pacific Lighting Int	5.9	99 3/4	15.00		
5/29	Autostyles 1989 Jul	5.9	97 1/2	15.00		
5/29	17 1/2% 1986 Mar	5.9	97	15.04		
5/29	14 3/4% 1986 Jul	5.9	97	15.04		
5/29	14 3/4% 1987 Jul	5.9	97 1/2	15.05		
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5/29	14 3/4% 2080 Jul	5.9	97 1/2	15.05		</

# Fast-Growing Heileman Pursues Schlitz With Gusto

By Lydia Chavez

*New York Times Service*  
NEW YORK — Schlitz, the beer that made Milwaukee famous and then fell into disfavor with beer drinkers because someone changed its formula — may be followed by an upstart brewer who has become one of the fastest growing in the industry by selling little-known regional beers.

G. Heileman Brewing Co. of La Crosse, Wis., has offered to buy the Joe Schlitz Brewing Co. for \$44 million, or \$17 a share, in cash and stock.

If completed, the acquisition could make Heileman, a relative newcomer that has moved from 19th place to No. 6 in 20 years, the nation's third-largest brewer, with 16 percent share of the market, behind Anheuser-Busch (28 percent) and Miller (22 percent).

"We've made the offer but have not received a response as yet."

Russell G. Cleary, Heileman's chairman, said Friday.

A spokesman for Schlitz, which reportedly has been talking with number of interested parties, confirmed that it was holding merger discussions with Heileman but declined to elaborate on the progress of the talks.

## Marketing Savvy

The merger would match Schlitz, a traditional company with few labels but well-known ones, with Heileman, which sells more than 40 different brews, including Old Style, Tuborg Gold and Carling Black Label.

"It's a good merger because Heileman is one of the few companies that can really do a good job with Schlitz," said Allan Kaplan, an analyst with Oppenheimer & Co.

Emanuel Goldman, an analyst with Sanford C. Bernstein & Co.,

commented: "Heileman has a spectacular history of taking eroding brands and turning them around. Typically they figure out the right marketing campaign to bring the brand into modest favor and then support the wholesalers, who are very important to sales."

Schlitz has had trouble ever since the mid-1970s when the company fussed with the ingredients in its flagship brand and drinkers decided they did not care for the new brew. In an effort to revive sales, Schlitz ran a series of television ads that showed belligerent beer drinkers threatening anybody who dared to "take away my gusto."

The commercials elicited thousands of complaints, and sales, which reached a peak of 24.2 million barrels a year in 1976, continued to fall. Schlitz now sells 15 million barrels of beer a year, and its market share has shrunk to 8 percent from 14 percent.

After the company lost \$50.6 million in 1979, Schlitz management instituted a number of cost-cutting measures, including the sale of a new brewery and the elimination of as many as 1,000 jobs. While analysts give the Schlitz management high marks for making the changes and turning a profit last year, the company's beer sales have continued to fall.

"The key question is whether Heileman can turn Schlitz around," Goldman said, "and no one can be sure of that."

## A Change in the Balance

If the merger is completed, it also will change the balance in the brewing industry, which has been dominated by Anheuser and Miller. Last year, as the fourth-largest brewer, Schlitz sold 14.95 million barrels of beer, far behind the 50

million barrels sold by Anheuser and the 37.3 million barrels sold by Miller, the third largest, sold 100,000 barrels more than Schlitz.

The combined sales of Heileman and Schlitz would total more than 28.2 million barrels of beer.

Analysts called the proposed combination a complementary one that could intensify the competition among the top three. About 55 percent of Schlitz sales are in the South, whereas about 63 percent of Heileman's sales are in the north-central region of the United States.

Schlitz, which has been running its breweries at little more than 50 percent of capacity, would offer Heileman access to these breweries, which are noted for their efficiency, analysts said.

Last year Heileman earned \$34.68 million, or \$2.65 a share, on sales of \$840.78 million. Schlitz earned \$27 million, or 93 cents a share, on revenues of \$1 billion.

## U.S. Economic Data Cheers Bankers, Bond Dealers

(Continued from Page 7)  
\$1,000 issue price — before re-bonding on Friday to 91 1/2-93.

According to lead manager Yamaichi International, a number of unfortunate circumstances contributed to the rout. The price of the shares, which were quoted in Tokyo at 232 yen at the time the convertible was launched, was 236 yen when the final terms were set and subsequently fell to 244 yen before rebounding on Friday to 267 yen. At the same time as the share price fell, making the possibility of converting the bond into stock unattractive, the value of the yen deteriorated — making it unattractive from a foreign exchange point of view.

The exchange rate for the life of the bond was fixed at 28 yen, but last week a dollar could buy 235 yen.

A Yamaichi official attributes the pressure driving the stock price down to 244 yen to technical factors. In early January, the stock price rose sharply, prompting a lot of speculative buying on margin. Up to 70 percent of the purchase price of stock can be borrowed in Japan, but it has to be repaid within six months.

This is the first bond offering by a Japanese commercial bank. Up to now, only the long-term credit banks and the Bank of Tokyo have been permitted to tap the market. The Bank of Tokyo in fact is issuing

## NOTICE

To the Holders of Floating Rate London Dollar Certificates of Deposit due August 1982 or:

## DowBanking Corporation

10 Old Jewry, London EC2R 8DU

following Dow Scandia Banking Corporation Limited having taken over assets and liabilities of Dow Banking Corporation, London Branch, holders of the above-mentioned Certificates of Deposit may either choose to have their Certificate redeemed at par, together with accrued interest, on the next interest Payment date relating thereto, 4th August, 1981, or to exchange their existing Certificate for a new one in the name of Dow Scandia Banking Corporation Limited.

A letter explaining the procedures for this may be obtained from:

Dow Scandia Banking Corporation Limited  
10 Old Jewry,  
London EC2R 8DU

European Banking Company Limited  
150 London Wall Street,  
London EC2V 4PP

Euro-clear Clearance Systems Limited  
Avenue des Arts 15,  
Brussels.

24th July, 1981.  
European Banking Company Limited

This announcement appears as a matter of record only

July, 1981

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(*Kabushiki Kaisha Hazama-Gumi*)

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ISSUE PRICE 100 PER CENT.

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Swiss Bank Corporation International Limited

Algemene Bank Nederland N.V.

Bayerische Vereinsbank Aktiengesellschaft

LTCB International Limited

J. Henry Schroder Wag & Co. Limited

Vereins- und Westbank Aktiengesellschaft

Manufacturers Hanover Limited

Nederlandse Middelstandsbank N.V.

Nomura International Limited

Persson Holding & Person N.V.

The Royal Bank of Canada (London) Limited

Skandinaviska Enskilda Banken

Societe Generale de Banque S.A.

Toronto Dominion International Bank Limited

Union Bank of Switzerland (Securities) Limited

Vereins- und Westbank Aktiengesellschaft

Westdeutsche Landesbank, Girozentrale

## Swiss Bank Corporation International Limited

Amro International Limited

Banque de Paris et des Pays-Bas

Dresdner Bank Aktiengesellschaft

S.G. Warburg & Co. Ltd.

Salomon Brothers International

Banque Nationale de Paris

Credit Suisse First Boston Limited

Hambros Bank Limited

Crédit Industriel et Commercial

Crédit Agricole

Crédit Lyonnais

Den Norske Creditbank

Genossenschaftliche Zentralbank AG - Vienna

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

Handelsbank N.W. Overseas Ltd.

Hill Samuel & Co. Limited

Kreditbank NV

Kuhn Loeb Lehman Brothers International, Inc.

Kuwait Foreign Trading Contracting & Investment Co. IS.A.K.

Lazard Frères et Cie.

Mitsubishi Bank (Europe) S.A.

Manufacturers Hanover Limited

Morgan Guaranty Ltd.

Morgan Stanley International

The Nikko Securities Co., Europe Ltd.

Oesterreichische Landerbank

N.M. Rothschild & Sons Limited

Scandinavian Bank Limited

J. Henry Schroder Wag & Co. Limited

Societe Générale

Svenska Handelsbanken

Union Bank of Finland Limited

Verband Schweizerischer Kantonalbanken

J. Vonrotel & Co.

Wood Gundy Limited

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Petroleum Projects Financing

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**The Democratic Republic of Sudan**

arranged and provided by  
**Arab Petroleum Investments Corporation**

**APICORP**

الشركة العربية لاستكشافات البترولية

JULY 1981

## NATOMAS

**U.S. \$50,000,000**

**Natomas Overseas Finance N.V.**  
**15 1/4 per cent. Guaranteed Notes**  
**due 1986**

Unconditionally Guaranteed as to Payment of  
Principal and Interest by

## NATOMAS COMPANY

(Incorporated in the State of California, U.S.A.)

Issue Price 99 1/2 per cent.

July 22

7/27/81

7/28/81

7/29/81

7/30/81

7/31/81

7/32/81

7/33/81

7/34/81

7/35/81

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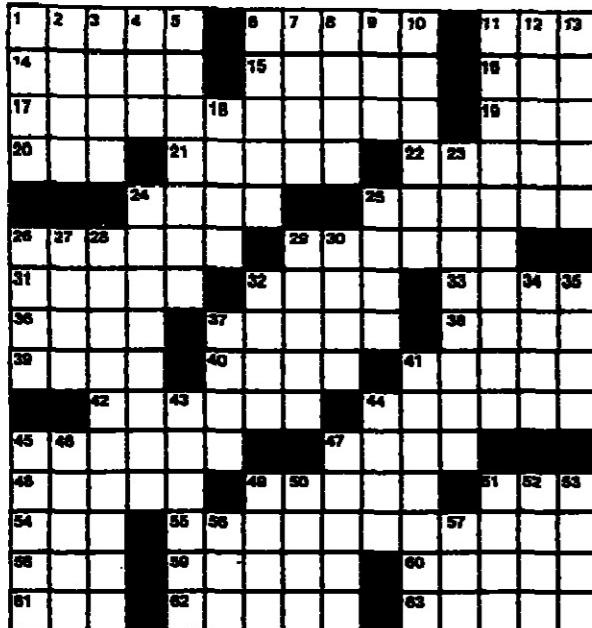
7/44/81

7/45/81

7/46/81





**CROSSWORD** — By Eugene T. Maleska**ACROSS**

- 1 Arrangement  
6 Arose  
11 Ball of cotton  
14 In movement  
15 Lacrymose  
16 Consumed  
17 Committees  
head, feminist  
style  
19 Comizer  
20 Kennedy  
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21 Matthew,  
Mark, Luke or  
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22 white poplar  
24 —  
25 Strings  
26 Cupid  
29 Gun sound  
31 Ulne in  
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D.C., is one  
32 —  
33 California  
wine valley  
36 Royal stakes  
37 Stalins  
38 Cry that is a  
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"Vive!"  
39 —  
40 Corn bread  
41 Half of DIV  
42 Warrant  
officers  
44 Woody, Steve  
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45 Drew forth  
47 — baked in  
48 Winter wear
- 49 Salts or  
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51 São Paulo,  
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54 Golfing thrill  
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59 Mom's Mom,  
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62 Fudge or  
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63 Evans and  
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64 Gardner  
65 Blessing  
66 — in the  
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67 Sale sign  
68 — in the  
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**WEATHER**

	HIGH	LOW		HIGH	LOW		
C	F	R	C	F	R	C	
ALGARVE	26	22	44	26	22	54	Fair
ALGIERS	26	22	57	26	22	55	Foggy
AMSTERDAM	26	22	48	26	22	53	Cloudy
ANKARA	31	27	55	26	22	53	Cloudy
ANZIO	26	22	55	26	22	53	Cloudy
ANZIACK	26	22	55	26	22	53	Cloudy
BANGKOK	26	22	55	26	22	53	Cloudy
BEIRUT	22	18	42	22	18	44	Fair
BELGRADE	26	22	57	26	22	53	Cloudy
BERLIN	26	22	57	26	22	53	Cloudy
BRAZIL	26	22	57	26	22	53	Cloudy
BUCHAREST	26	22	57	26	22	53	Cloudy
BUDAPEST	26	22	57	26	22	53	Cloudy
BUEENOS AIRES	26	22	57	26	22	53	Cloudy
CAGAYAN DE ORO	26	22	57	26	22	53	Cloudy
CHICAGO	26	22	57	26	22	53	Cloudy
COPENHAGEN	26	22	55	26	22	53	Cloudy
COSTA DEL SOL	26	22	55	26	22	53	Cloudy
DAMASCUS	26	22	55	26	22	53	Cloudy
DAKAR	26	22	55	26	22	53	Cloudy
EDINBURGH	22	18	42	22	18	44	Fair
FLORENCE	26	22	55	26	22	53	Cloudy
FRANKFURT	26	22	55	26	22	53	Cloudy
GENEVA	26	22	55	26	22	53	Cloudy
GURKHA	26	22	55	26	22	53	Cloudy
HONG KONG	26	22	55	26	22	53	Cloudy
HOUSTON	26	22	55	26	22	53	Cloudy
ISTANBUL	26	22	55	26	22	53	Cloudy
JERUSALEM	26	22	55	26	22	53	Cloudy
KUALA LUMPUR	26	22	55	26	22	53	Cloudy
LIMA	26	22	55	26	22	53	Cloudy
LISBON	26	22	55	26	22	53	Cloudy
LONDON	26	22	55	26	22	53	Cloudy
LOS ANGELES	26	22	55	26	22	53	Cloudy

Readings from the previous 24 hours.

**RADIO NEWSCASTS**  
**BBC WORLD SERVICE**

Broadcasts of 0800, 0900, 1000, 0400, 0500, 0600, 0700, 0800, 0900, 1000, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100 (all hours GMT). Western Europe: 4400 kHz and 4500 kHz Medium Wave, 5075, 6000, 7120, 7185, 7225, 9410, 9750, 12405 and 15000 kHz in the 47, 48, 51, 52 and 53 meter bands.

East Africa: 1420 kHz and 2204 kHz Medium Wave, 2545, 2746, 7140, 7185, 15420, 11860, 9280, 7120 and 6405 kHz in the 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20 meter bands.

North and South America: 2650, 2740, 2840, 3140, 3440, 3740, 4040, 4340, 4640, 4940, 5240, 5540, 5840, 6140, 6440, 6740, 7040, 7340, 7640, 7940, 8240, 8540, 8840, 9140, 9440, 9740, 10040, 10340, 10640, 10940, 11240, 11540, 11840, 12140, 12440, 12740, 13040, 13340, 13640, 13940, 14240, 14540, 14840, 15140, 15440, 15740, 16040, 16340, 16640, 16940, 17240, 17540, 17840, 18140, 18440, 18740, 19040, 19340, 19640, 19940, 20240, 20540, 20840, 21140, 21440, 21740, 22040, 22340, 22640, 22940, 23240, 23540, 23840, 24140, 24440, 24740, 25040, 25340, 25640, 25940, 26240, 26540, 26840, 27140, 27440, 27740, 28040, 28340, 28640, 28940, 29240, 29540, 29840, 30140, 30440, 30740, 31040, 31340, 31640, 31940, 32240, 32540, 32840, 33140, 33440, 33740, 34040, 34340, 34640, 34940, 35240, 35540, 35840, 36140, 36440, 36740, 37040, 37340, 37640, 37940, 38240, 38540, 38840, 39140, 39440, 39740, 30040, 30340, 30640, 30940, 31240, 31540, 31840, 32140, 32440, 32740, 33040, 33340, 33640, 33940, 34240, 34540, 34840, 35140, 35440, 35740, 36040, 36340, 36640, 36940, 37240, 37540, 37840, 38140, 38440, 38740, 39040, 39340, 39640, 39940, 40240, 40540, 40840, 41140, 41440, 41740, 42040, 42340, 42640, 42940, 43240, 43540, 43840, 44140, 44440, 44740, 45040, 45340, 45640, 45940, 46240, 46540, 46840, 47140, 47440, 47740, 48040, 48340, 48640, 48940, 49240, 49540, 49840, 50140, 50440, 50740, 51040, 51340, 51640, 51940, 52240, 52540, 52840, 53140, 53440, 53740, 54040, 54340, 54640, 54940, 55240, 55540, 55840, 56140, 56440, 56740, 57040, 57340, 57640, 57940, 58240, 58540, 58840, 59140, 59440, 59740, 50040, 50340, 50640, 50940, 51240, 51540, 51840, 52140, 52440, 52740, 53040, 53340, 53640, 53940, 54240, 54540, 54840, 55140, 55440, 55740, 56040, 56340, 56640, 56940, 57240, 57540, 57840, 58140, 58440, 58740, 59040, 59340, 59640, 59940, 60240, 60540, 60840, 61140, 61440, 61740, 62040, 62340, 62640, 62940, 63240, 63540, 63840, 64140, 64440, 64740, 65040, 65340, 65640, 65940, 66240, 66540, 66840, 67140, 67440, 67740, 68040, 68340, 68640, 68940, 69240, 69540, 69840, 70140, 70440, 70740, 71040, 71340, 71640, 71940, 72240, 72540, 72840, 73140, 73440, 73740, 74040, 74340, 74640, 74940, 75240, 75540, 75840, 76140, 76440, 76740, 77040, 77340, 77640, 77940, 78240, 78540, 78840, 79140, 79440, 79740, 80040, 80340, 80640, 8

# Baseball Lawyer Suggests Owners Could Lose Players

By Murray Chass

*New York Times Service*

NEW YORK — Richard Moss, lawyer who successfully argued two most noted baseball contract disputes in recent years, has suggested that the 26 major league club owners could lose all of their players through a legal technicality and that the players could wind up in a new baseball enterprise.

Moss, former general counsel of Players Association, maintained that all individual player contracts could be voidable because the owners canceled the season when the strike began June 12.

He referred to a letter that he said Grebe, the owners' labor spokesman, sent to the association last day, declaring that "the championship season from this date forward has been canceled until further notice."

"One of the basic underlying conditions of the contract is that a player agrees to render his services for the championship season," said Moss, who gained Carter's freedom from the Oakland A's on a contract violation after the 1974 season and who helped create free agency in the Messersmith-McNally case in 1975.

When one party to a contract unilaterally cancels one of the underlying rights of the contract, the other party has the right to cancel the contract. That makes the contract voidable.

**Serious Matter**

The issue, like many legal matters, is not clear-cut, and at this point the idea is only in the exploratory stage. But Moss has discussed the situation with the association, which is looking into his suggestion.

"It's a very serious matter," said Fehr, Moss's successor as general counsel, said Saturday. "There's something you don't want to contemplate until you're sure that it's fast approaching that point."

**Red Smith**

## A Growing Feeling that Baseball Is Dead

*New York Times Service*

NEW YORK — Jacques Barzani — and if he isn't sick of reading it, he has a strong stomach — says that "whoever wants to know the heart and mind of America today better learn baseball."

Thomas Wolfe celebrated the "wet and unalterable geometry" of the playing field, and Bill Veeck, the most inventive sports publisher since Baron von Bismarck, solemnly assured us when President Lincoln lay dying, the man he called to his side was not Andrew Johnson, vice president, or Gen. Ulysses Grant, who had just accepted surrender at Appomattox in House, but Gen. Abner Doubleday.

General Doubleday, don't let bald die," the president whistled, and breathed his last.

**No Reason for Optimism**

He summer game has always been a formidable body of support. Yet, in spite of them, the feels grows that Baseball 1981 is 1. Representatives of the players on the 26 teams were to meet today to decide what they could about salvaging the last two

**Transactions***National Football League*

LAPTA—Waived James Zabed, linebacker; Mike Jackson, defensive end.

TIMORE—Signed James Cotter, offensive

center.

WATER—Announced the retirement of Artie, defensive end; Jim Stee, fullback; Mike Jackson, nose tackle; Dennis McNeely, defensive end; and Mike Pappas, defensive end.

WISCONSIN—Signed Jim Clark, center; and Mike Jackson, nose tackle.

ENGLAND—Waived Chuck Foreman, offensive end; and Charles Cassidy, offensive

linebacker; Dave Lantz, center; and Paul Miller, defensive back; and Ernie Rogers, offensive tackle.

SEAS CITY—Waived Ronnell Thompson, defensive back; and Tom Hartman, defensive back; and Ken Harbeck, defensive tackle.

ENGLAND—Waived Chuck Foreman, offensive end; and Charles Cassidy, offensive

linebacker; Dave Lantz, center; and Paul Miller, defensive back; and Ernie Rogers, offensive tackle.

ORLANDO—Released Lester Boyd, offensive end; and Mike Jackson, nose tackle.

PHILADELPHIA—Released Ed Compton, defensive end; and Mike Jackson, nose tackle.

DETROIT—Released Jim Clark, center; and Mike Jackson, nose tackle.

ATLANTA—Released Jim Clark, center; and Mike Jackson, nose tackle.

DETROIT—Signed Dan Dierdorf, offensive

end.

PHILADELPHIA—Announced the retirement of Terry, fullback; Released Ed Newsome, defensive end; and Mike Jackson, nose tackle.

DETROIT—Signed Dan Dierdorf, offensive

end.

DETROIT—Signed Dan Dierdorf, offensive

